



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 RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S IMPLEMENTATION
OF FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT FOR
FISCAL YEAR 2015 (OIG-16-A-20)

Please see below a status update pertaining to the subject audit report of September 19, 2016, and the Office of the Inspector General (OIG) correspondence of April 12, 2017.

Recommendation 2

Update and align agency guidance and processes related to internal control over program operations, quarterly performance review, and strategic planning.

Status

Agree. The agency has revised Management Directive (MD) 4.4, Enterprise Risk Management and Internal Control, to align with the updated requirements in the OMB Circular [A-123](#), *Management's Responsibility for Enterprise Risk Management and Internal Control*, issued in July 2016. The revised MD 4.4 establishes an Enterprise Risk Management (ERM) governance and communication structure that aligns agency guidance and processes related to internal control over program operations, Quarterly Performance Review (QPR), and strategic planning.

NRC developed and fully implemented an ERM Framework which included transforming the QPR process to an ERM analysis and discussion led by the Programmatic Senior Assessment Team (PSAT).

CONTACT: David Holley, OCFO
301-415-7325

Houman Rasouli, OEDO
301-415-7536

Milestones:

- Establish the PSAT – Completed (Memo and Charter, Agencywide Document Access and Management System (ADAMS) ML16067A159)
- OMB Revised Circular A-123 ([Issued by OMB](#), July 15, 2016)
- Document the ERM Framework – Completed (ADAMS ML16328A168)
- Update MD 4.4 and Handbook – Completed ([Issued by NRC](#), December 14, 2017; ADAMS ML17312B109)

Recommendation 3

Develop and implement enhanced record retention requirements for documentation related to internal control and corrective action plans to conform to the guidance in MD 4.4, Section III.

Status

Agree. The agency has revised MD 4.4, effective December 14, 2017, to align with the updated requirements in the OMB Circular [A-123](#). Prior to the revision, staff updated the Internal Control Plans (ICPs) for all business lines to better align with the requirements in the prior version of MD 4.4, Section III. The ICP template provides a summary of the agency's approach to programmatic internal control and corrective action plans. Business line managers review the ICP and elevate enterprise-wide risks for consideration by the PSAT.

The agency has enhanced the record retention for documentation related to ICPs. The ICP includes a section for closed actions; as control activities are completed throughout the fiscal year, the completed activities are moved to the closed section. Staff update the ICPs on a semi-annual basis. End-of-fiscal-year ICPs are stored on OCFO's shared drive. The Internal Control and Planning Team has created an [Internal Control SharePoint site](#) as the agency's "one-stop-shop" for links to internal control requirements, guidance, documentation, and communications.

Milestones:

- Update the Business Line Internal Control Plans – Completed (New Template, ADAMS ML16155A232)
- Issue *Interim Guidance for Programmatic Internal Control* – Completed (Agencywide Document Access and Management System (ADAMS) ML16155A251)
- OMB Revised Circular A-123 ([Issued by OMB](#), July 15, 2016)
- Establish an [Internal Control SharePoint site](#) as a "one-stop-shop" – Completed
- Update MD 4.4 and Handbook – Completed ([Issued by NRC](#), December 14, 2017; ADAMS ML17312B109)

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S IMPLEMENTATION OF FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT FOR FISCAL YEAR 2015 (OIG-16-A-20), DATED: March 26, 2018

DISTRIBUTION: OEDO-16-00247

Public
RidsOigMailCenter Resource
RidsOcfMailCenter Resource
RidsEdoMailCenter Resource

Adams: Yes No Initials: Initials: EB SUNSI Review: EB
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive

ADAMS Accession No: ML18060A194

OFFICE	OCFO/DPB/ICPT	OCFO/DPB/ICPT	OCFO/DPB	OCFO/DPB
NAME	EBowlin	DHolley	RAllwein	SMCoffin
DATE	03/01/18	03/01/18	03/01/18	03/05/18
OFFICE	DCFO	EDO	CFO	
NAME	BFicks	VMMcCree	MEWylie	
DATE	03/ /18	03/26/18	03/06/18	

OFFICIAL RECORD COPY