

May 15, 2018

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

FROM: Frederick D. Brown, Director */RA/ VOrdaz for*
Office of New Reactors

SUBJECT: STATUS OF RECOMMENDATIONS AND STAFF RESPONSE
TO THE OFFICE OF THE INSPECTOR GENERAL'S AUDIT OF
THE U.S. NUCLEAR REGULATORY COMMISSION'S VENDOR
INSPECTION PROGRAM (OIG-10-A-20)

This memorandum provides the U.S. Nuclear Regulatory Commission (NRC) staff's updates for the remaining open recommendations from the Office of the Inspector General's (OIG's) audit OIG-10-A-20, "Audit of NRC's Vendor Inspection Program," dated September 28, 2010. The staff continues to implement actions in response to OIG's audit and remains responsive to OIG's recommendations.

Recommendation 1:

Develop an NRO Vendor Inspection Program planning document that:

- a. Articulates a clear purpose for the Vendor Inspection Program.
- b. Establishes metrics to evaluate the success of the Vendor Inspection Program.

Status: Closed.

Recommendation 2:

Develop and document a methodology to identify vendors that supply safety-related parts and services to the nuclear industry with Appendix B quality assurance programs.

Status: Closed.

Recommendation 3:

Develop and document a risk-informed methodology to select vendors for inspection.

Status: Closed.

CONTACT: Antoinette Sakadales, NRO/DCIP
301-415-6441

Recommendation 4:

Develop and use a vendor outreach/communications plan.

Status: Closed.

Recommendation 5:

Align NRC guidance and regulations to clarify acceptance methods for commercial-grade dedication.

Status: Closed.

Recommendation 6:

Issue regulatory guidance to clarify sampling expectations for commercial-grade dedication.

Status: Closed.

Recommendation 7:

OIG Analysis dated November 7, 2017:

Issue regulatory guidance describing a process that NRC considers acceptable for compliance with Part 21.

Status: Resolved.

NRC Staff Update:

Actions taken and planned:

In April of 2018, the staff issued Regulatory Guide (RG) 1.234, Rev. 0, "Evaluating Deviations and Reporting Defects and Noncompliance under 10 CFR Part 21," (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17338A072). RG 1.234 was previously issued as Draft Guide (DG)-1291 dated July 2017 (ADAMS Accession No. ML16165A298). Regarding the development of DG-1291, in February 2016, the Nuclear Energy Institute (NEI) submitted NEI 14-09, Revision 1, "Guidelines for Implementation of 10 CFR Part 21 Reporting of Defects and Noncompliance" (ADAMS Accession No. ML16054A825), to the NRC for review and approval. The staff has completed its review of NEI 14-09 and RG 1.234, Rev. 0, with three clarifications (i.e., reporting requirements, training, and Part 21 applicability to design certification applicants) and endorses its use as an acceptable means of demonstrating compliance with the NRC's regulations. Therefore, NEI-14-09, Revision 1 provides adequate guidance to implement the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 21, "Reporting of Defects and Noncompliance," and will supersede NUREG-0302, Revision 1, "Remarks Presented (Questions/Answers Discussed) at Public Regional Meetings to Discuss Regulations (10 CFR Part 21) for Reporting of Defects and Noncompliance: July 12–26, 1977," issued October 1977. This approach is consistent with SECY-11-0032, "Consideration of the Cumulative Effects of Regulation in the Rulemaking Process," dated March 2, 2011 (ADAMS Accession No. ML110190027), and SECY-11-0135,

“Staff Plans to Develop the Regulatory Basis for Clarifying the Requirements in Title 10 of the *Code of Federal Regulations* Part 21, ‘Reporting of Defects and Noncompliance,’” dated September 29, 2011 (ADAMS Accession No. ML112430138).

Target Completion Date: The staff issued the final RG 1.234 (previously DG-1291) in April 2018.

Point of Contact: Antoinette Sakadales, NRO/DCIP/QVIB-2
 301-415-6441

Recommendation 8:

Clearly indicate via the NRC public Web site how and when Part 21 has changed.

Status: Closed.

Recommendation 9:

Develop guidance that clarifies the requirements for vendors on how to approve accredited commercial-grade calibration laboratories for safety-related applications.

Status: Closed.

Recommendation 10:

Develop and implement a formal agencywide strategy and plan to monitor and evaluate counterfeit, fraudulent, and suspect items.

Status: Closed.

Enclosure:

Correspondence History OIG-10-A-20,
“Audit of NRC’s Vendor Inspection Program”

SUBJECT: STATUS OF RECOMMENDATIONS AND STAFF RESPONSE TO THE OFFICE OF THE INSPECTOR GENERAL'S AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S VENDOR INSPECTION PROGRAM (OIG-10-A-20). Dated May 15, 2018

DISTRIBUTION: OEDO-17-00687

Public

JGordon, OIG

SZane, OIG

JArildsen, OEDO

RidsEdoMailCenter

RidsNroMailCenter

RidsNroDNRL

RidsNroOd

RidsOgcMailCenter

RidsRgn2MailCenter

RidsNmssOd Resource

RidsNsrOd Resource

RidsNrrOd Resource

ADAMS Accession No.: ML17305A860

*via e-mail

NRO-002

OFFICE	NRO/DCIP/QVIB-2*	NRO/DCIP/QVIB-2*	NRO/DCIP/QVIB-2*	QTE
NAME	ASakadales	PPrescott (KKavanagh for)	KKavanagh	JDougherty*
DATE	4/20/2018	4/12/2018	4/12/2018	4/13/2108
OFC	NRO/DCIP	OGC/NLO	NRO	
NAME	TMcGinty (PKrohn for)	JMartin	FBrown (VOrdaz for)	
DATE	4/25/2018	5/4/2018	05/15/2018	

OFFICIAL RECORD COPY

Correspondence History
OIG-10-A-20, “Audit of NRC’s Vendor Inspection Program”

Audit Report: Audit of NRC’s Vendor Inspection Program (OIG-10-A-20), September 28, 2010, (Agencywide Documents Access and Management System (ADAMS) Accession No. ML102730627).

Memorandum to the Assistant Inspector General for Audits: Staff Response to the Office of the Inspector General’s Audit of the Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), October 30, 2010 (ADAMS Accession No. ML102950601).

Memorandum to the Executive Director for Operations (EDO): Status of Recommendations: Audit of the Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), January 11, 2011 (ADAMS Accession No. ML110130015).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General’s Audit of the U.S. Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), May 26, 2011 (ADAMS Accession No. ML111290142).

Memorandum to the EDO: Status of Recommendations: Audit of the Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), July 27, 2011 (ADAMS Accession No. ML11209C350).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General’s Audit of the U.S. Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), January 6, 2012 (ADAMS Accession No. ML13555A069).

Memorandum to the EDO: Status of Recommendations: Audit of the Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), March 9, 2012 (ADAMS Accession No. ML120690007).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General’s Audit of the U.S. Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), August 3, 2012 (ADAMS Accession No. ML12207A607).

Memorandum to the EDO: Status of Recommendations: NRC’s Vendor Inspection Program (OIG 10-A-20), September 13, 2012 (ADAMS Accession No. ML12257A180).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General’s Audit of the U.S. Nuclear Regulatory Commission’s Vendor Inspection Program (OIG-10-A-20), February 4, 2013 (ADAMS Accession No. ML13028A364).

Memorandum to the EDO: Status of Recommendations: NRC’s Vendor Inspection Program (OIG-10-A-20), March 26, 2013 (ADAMS Accession No. ML13085A004).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), July 31, 2013 (ADAMS Accession No. ML13199A511).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG 10-A-20), October 17, 2013 (ADAMS Accession No. ML13290A366).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), February 3, 2014 (ADAMS Accession No. ML14029A069).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG 10-A-20), March 12, 2014 (ADAMS Accession No. ML14071A050).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), August 6, 2014 (ADAMS Accession No. ML14190B319).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), September 18, 2014 (ADAMS Accession No. ML14261A414).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), January 14, 2015 (ADAMS Accession No. ML14345A672).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG 10-A-20), March 10, 2015 (ADAMS Accession No. ML15069A073).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), July 6, 2015 (ADAMS Accession No. ML15154B636).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), August 13, 2015 (ADAMS Accession No. ML15225A090).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), January 7, 2016 (ADAMS Accession No. ML15320A498).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), March 7, 2016 (ADAMS Accession No. ML16067A008).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), August 19, 2016, (ADAMS Accession No. ML16194A294).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), September 16, 2016, (ADAMS Accession No. ML16260A057).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), April 7, 2017 (ADAMS Accession No. ML17059D058).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), May 2, 2017, (ADAMS Accession No. ML17122A217).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), October 10, 2017 (ADAMS Accession No. ML17215A873).

Memorandum to the EDO: Status of Recommendations: Audit of NRC's Vendor Inspection Program (OIG-10-A-20), November 1, 2017 (ADAMS Accession No. ML17305A724).

Memorandum to the Assistant Inspector General for Audits: Status of Recommendations and Staff Response to the Office of the Inspector General's Audit of the U.S. Nuclear Regulatory Commission's Vendor Inspection Program (OIG-10-A-20), May 15, 2018 (ADAMS Accession No. ML18105B139).