



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

**OFFICE OF THE
INSPECTOR GENERAL**

April 17, 2018

MEMORANDUM TO: Victor M. McCree
Executive Director for Operations

Maureen E. Wylie
Chief Financial Officer

FROM: Dr. Brett M. Baker */RA/*
Assistant Inspector General for Audits
Office of the Inspector General

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)

REFERENCE: CHIEF FINANCIAL OFFICER AND EXECUTIVE
DIRECTOR FOR OPERATIONS MEMORANDUM DATED
MARCH 26, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated March 26, 2018. Based on this response, recommendation 1 is now closed. Recommendations 2 and 3 were previously closed. Therefore, all recommendations from this audit are now closed.

If you have questions or concerns, please call me at (301) 415-5915 or Paul Rades, Team Leader, at (301) 415-6228.

Attachment: As stated

cc: R. Lewis, OEDO
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Audit Report

AUDIT OF NRC'S REACTOR BUSINESS LINES' COMPLIANCE WITH AGENCY NON-FINANCIAL INTERNAL CONTROL GUIDANCE

OIG-15-A-16

Status of Recommendations

Recommendation 1: Implement the U.S. Nuclear Regulatory Commission (NRC) Management Directive and Handbook 4.4, *Internal Control*, non-financial internal control requirements.

Agency Response

Dated March 26, 2018:

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 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
- Update the Business Line Internal Control Plans – Completed
- 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)

Audit Report

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Status of Recommendations

Recommendation 1 (cont.):

OIG Analysis: OIG has reviewed and verified the agency's actions to implement the revised MD 4.4, *Enterprise Risk Management and Internal Control*. OIG has determined the agency's actions meet the intent of this recommendation. Therefore, this recommendation is now closed.

Status: Closed.