



OFFICE OF THE
INSPECTOR GENERAL

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

May 1, 2018

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

Victor M. McCree
Executive Director for Operations

FROM: Dr. Brett M. Baker /RA/
Assistant Inspector General for Audits

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)

REFERENCE: CHIEF FINANCIAL OFFICER'S MEMORANDUM DATED
MARCH 26, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated March 26, 2018. Based on these responses, recommendations 2 and 3 are closed. Recommendation 1 was previously closed. Therefore, all recommendations related to this report are now closed.

If you have questions or concerns, please call me at (301) 415-5915 or Eric Rivera, Team Leader, at (301) 415-7032.

Attachment: As stated

cc: R. Lewis, OEDO
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Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S IMPLEMENTATION OF FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT FOR FISCAL YEAR 2015

(OIG-16-A-20)

Recommendation 2: Update and align agency guidance and processes related to internal control over program operations, quarterly performance review, and strategic planning.

Agency Response Dated
March 26, 2018:

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).

Milestones:

- Establish the PSAT – Completed (Memo and Charter)
- OMB Revised Circular A-123 (Issued by OMB, July 15, 2016)
- Document the ERM Framework – Completed
- Update MD 4.4 and Handbook – Completed (Issued by NRC, December 14, 2017)

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(OIG-16-A-20)

Status of Recommendations

Recommendation 2 (con't):

OIG Analysis:

OIG reviewed the *FY 2017 Q1 Quarterly Performance Review Meeting Summary*, dated February 14, 2017, and determined that the PSAT group was established and met to discuss topics. OIG also received and reviewed documentation, identified by the agency, associated with updated agency guidance and processes related to internal control over program operations, including alignment with quarterly performance review and strategic planning processes. Therefore, this recommendation is closed.

Status:

Closed.

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(OIG-16-A-20)

Status of Recommendations

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.

Agency Response Dated
March 26, 2018:

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)
- Issue *Interim Guidance for Programmatic Internal Control* – Completed
- OMB Revised Circular A-123 (Issued by OMB, July 15, 2016)

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(OIG-16-A-20)

Status of Recommendations

Recommendation 3 (con't):

- 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)

OIG Analysis:

OIG received and reviewed documentation on agency efforts to develop and implement enhanced record retention requirements for documentation related to internal control and corrective action plans. These enhanced requirements conformed to the guidance in MD 4.4, Section III. Therefore, this recommendation is closed.

Status:

Closed.