



CHIEF FINANCIAL
OFFICER

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

May 16, 2018

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

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S PROCESS
FOR CALCULATING LICENSE FEES (OIG-13-A-02)

This is a status update in response to the Office of Inspector General's (OIG) Audit Report, "Audit of NRC's Process for Calculating License Fees" (OIG-13-A-02) dated October 24, 2012, and Memorandum from you on "Status Of Recommendations: Audit Of NRC's Process For Calculating License Fees (OIG-13-A-02)" dated January 17, 2018.

Recommendation 1:

The Office of the Chief Financial Officer (OCFO) should prepare and document an annual Fee Rule validation on the hourly rate (budget vs. cost analysis) and make adjustments as needed to the fee calculation process.

Status:

In previous updates, the OCFO provided updated schedules for the researching, creating new reports, performing an analysis, and documenting a process for an annual validation. In the January 3, 2018, memorandum, the OCFO explained that the staff had resumed the research necessary to revise the parameters for developing a report that would allow validation of the hourly rate on a budget vs. cost analysis. On January 17, 2018, the OIG requested that the staff provide an update on Recommendation 1 by May 18, 2018.

Since January 8, 2018, the staff has developed a report, "Budget to Cost Hourly Rate Variance Analysis," and supporting analysis that satisfied user acceptance testing. In that report (enclosed), the OCFO analyzed the variance between the hourly rate for the fiscal year (FY) 2017 budget and cost. The staff's analysis showed a nominal difference between the hourly rate calculations based on the budget and costs. The variance was \$3.60 per hour or 1.43 percent. Based on the nominal difference, the OCFO does not plan to change the current hourly rate budget calculations.

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The staff has also developed a draft update to the “Desktop Procedures Guide for the Fee Policy and Fee Calculations Analysis.” The draft update adds a new section that provides instructions for completing this hourly rate variance report each year. It also provides guidance on information—enacted appropriation language, changes in sources of funding, among others—that should be considered as part of any hourly rate variance analysis. The staff plans to finalize the instructions for performing the validation of the hourly costs after the end of the 2018 FY and after completing the hourly rate variance analysis for FY 2018.

While some insights were gained by developing the report and the hourly rate variance analysis, the staff believes that there is little value to be gained from continuing to perform this analysis on an annual basis or other longer interval. Changes to the source of funding (fee-recoverable vs. excluded from the fee base), recent timing of final enacted appropriations which delay the final fee rule until the last half of the fiscal year, among other issues diminishes the value to be gained by performing this analysis on an annual basis in light of the effort necessary to produce reliable results and analysis.

Enclosure:

Budget to Cost Hourly Rate Variance Analysis

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

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