



OFFICE OF THE  
INSPECTOR GENERAL

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

September 24, 2018

MEMORANDUM TO: Maureen E. Wylie  
Chief Financial Officer

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.  
NUCLEAR REGULATORY COMMISSION'S INTERNAL  
CONTROLS OVER FEE REVENUE (OIG 15-A-12)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED  
SEPTEMBER 12, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated September 12, 2018. Based on this response, recommendations 1 and 4 remain resolved. Recommendations 2 and 3 were previously closed. Please provide an updated status of the resolved recommendations by March 31, 2019.

Action to close these audit recommendations has not been taken in a timely manner. As of September 2018, audit recommendations 1 and 4 have been in resolved status for over 3 years. Office of Management and Budget Circular No. A-123 (M-16-17), Section C, dated July 15, 2016, states that "management has a responsibility to complete action, in a timely manner, on audit recommendations on which agreement with the OIG has been reached."

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  
H. Rasouli, OEDO  
J. Jolicoeur, OEDO  
J. Bowen, OEDO  
S. Hudson, OCFO  
EDO\_ACS Distribution Resource  
RidsOcfMailCenter Resource

## Audit Report

### AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

OIG-15-A-12

#### Status of Recommendations

Recommendation 1: Establish policies and procedures to centralize the control of technical assignment control (TAC) setup.

Agency Response Dated  
September 12, 2018:

Agree. The Office of the Chief Financial Officer (OCFO) implemented the Cost Activity Code System (CACs) as the central authoritative source for creating and managing CACs, effective October 1, 2017. During Fiscal Year (FY) 2018, the OCFO merged the policy for creating and managing Enterprise Project IDs (EPIDs) into the existing CAC guidance to create a single policy and guidance document for creating and managing labor reporting codes. The OCFO submitted the draft guidance to offices for review and comment during August 2018 and is working on updating the draft guidance, with a planned issuance date by the end of September or early October 2018. The OCFO continues to work with the Office of Administration (ADM) on updating the agency policy and procedures in Management Directive (MD) 10.43, *Time and Labor Reporting*. Offices provided their comments on a draft on August 22, 2018. OCFO will finalize MD 10.43 in accordance with the timeline and requirements set forth by ADM.

#### Milestones:

1. Centralize in the OCFO the control of setup for CACs that are non-billable, non-docket – complete.
2. Provide guidance and conduct CAC system user training about: the procedures for CAC setup, the data exchange in relation to the program office workload management systems, and the OCFO approval/governance role – complete.

## Audit Report

### AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

OIG-15-A-12

#### Status of Recommendations

##### Recommendation 1 (cont.):

3. Establish policies and procedures to centralize the control of CAC setup for billable, docket-related, and/or project-related CACs – Draft Labor Reporting Code Guidance, expected completion date of September 30, 2018. The OCFO lead is Jim Coyle.
4. Update MD 10.43, *Time and Labor Reporting* – extend to June 30, 2019. The OCFO lead is Erikka LeGrand.

##### OIG Analysis:

The actions proposed by the agency meet the intent of the recommendation. This recommendation will be closed after OIG reviews and verifies that the new policies and procedures and the revised MD referenced in the agency's May 1, 2018, memorandum adequately centralize the TAC set-up.

##### Status:

Resolved.

## Audit Report

### AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

#### OIG-15-A-12

#### Status of Recommendations

Recommendation 4: Design and implement a plan to improve the TAC validation process.

Agency Response Dated  
September 12, 2018:

Agree. The actions to complete the new standard fee billing validation process began during FY 2018 after implementation of the new CAC/EPID coding structure and the CACs system. The OCFO formed an intra-agency workgroup to design and implement a standard fee billing validation process. The workgroup developed a draft design process that improves accountability and control by adding management oversight and awareness concerning the use of the EPID for capturing fee billable labor hours. To aid in this management oversight, two data elements are being added to the EPID data record in the Reactor Program System and in CACs. Once the system changes are complete, the workgroup will finalize the design and provide training for implementation with a revised target completion date of June 30, 2019.

#### Milestones:

1. Design a plan to standardize and improve the staff hours validation process – complete.
2. Design and complete a more effective validation report – extend to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.
3. Provide guidance and training for the standard validation process – extend to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.
4. Implement the improved CAC validation process – extend to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.

## **Audit Report**

### **AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE**

**OIG-15-A-12**

#### **Status of Recommendations**

Recommendation 4 (cont.):

**OIG Analysis:** The actions proposed by the agency meet the intent of the recommendation. This recommendation will be closed when OIG reviews the completed independent CAC validation process.

**Status:** Resolved.