



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

**OFFICE OF THE
INSPECTOR GENERAL**

October 18, 2018

MEMORANDUM TO: Margaret M. Doane
Executive Director for Operations

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

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY
COMMISSION'S OVERSIGHT FOR ISSUING
CERTIFICATES OF COMPLIANCE FOR RADIOACTIVE
MATERIAL PACKAGES (OIG-17-A-21)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL SAFETY
AND SAFEGUARDS, MEMORANDUM DATED
SEPTEMBER 21, 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 21, 2018. Based on this response, recommendation 4 is closed and recommendations 1, 2, and 3 remain in resolved status. Please provide an updated status of the resolved recommendations by May 1, 2019.

If you have any questions or concerns, please call me at (301) 415-5915, or Sherri Miotla, Team Leader at (301) 415-5914.

Attachment: As stated

cc: R. Lewis, OEDO
H. Rasouli, OEDO
J. Jolicoeur, OEDO
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Audit Report

AUDIT OF U.S. NUCLEAR REGULATORY COMMISSION'S OVERSIGHT FOR ISSUING CERTIFICATES OF COMPLIANCE FOR RADIOACTIVE MATERIAL PACKAGES

(OIG-17-A-21)

Status of Recommendations

Recommendation 1: Conduct an analysis to develop the regulatory and technical bases for the Part 71 certificates of compliance term.

Agency Response Dated
September 21, 2018:

The staff is continuing its work in addressing the OIG recommendation. The staff has 1) met with DOT, and 2) held a public meeting on April 26, 2018, to discuss the OIG audit and recommendations. In the public meeting, the staff included discussions of risk studies; what factors the agency should consider in establishing the expiration term; impact; and implementation challenges, including costs.

Additionally, the staff attending the International Atomic Energy Agency's Transportation Safety Committee meeting, known as TRANSSC, in June 2018, informally discussed various options with international counterparts on the margins of the meeting. Foreign competent authorities stressed the need for world-wide consistency regarding the expiration term for certificates of compliance for transportation packages. The consistency objective derives from the interest in maintaining the approved safety designs, as transportation packages are used for shipments across national borders. The staff is in the process of developing its regulatory basis.

In determining an appropriate expiration term for the certificates of compliance for transportation packages, the staff is evaluating the information obtained to date from the activities discussed above, as well as evaluating other applications within the agency in which the license or certificate expiration term has been extended.

The staff estimates completing these evaluations and providing a final regulatory basis to the OIG no later than January 31, 2019.

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(OIG-17-A-21)

Status of Recommendations

Target Completion Date: January 2019.

Recommendation 1(cont.)

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close the recommendation after verifying that NRC has conducted an evaluation and developed the final regulatory and technical bases for the Part 71 certificates of compliance term.

Status: Resolved.

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(OIG-17-A-21)

Status of Recommendations

Recommendation 2: Document and communicate to stakeholders NRC's analysis results identifying the bases for an appropriate term for Part 71 certificates of compliance.

Agency Response Dated
September 21, 2018:

Once the staff completes the activities discussed in Recommendation 1, the staff will discuss the regulatory basis and its results at the next DSFM's Annual Regulatory Conference (which is currently scheduled for December 11 – 12, 2018) to communicate the results to external stakeholders. Additionally, the staff will 1) publish a notice in the *Federal Register* informing the public, including stakeholders, of the availability of the regulatory basis, 2) ensure it is publically available in the Agencywide Documents Access Management System (ADAMS), and 3) update Division of Spent Fuel Management Office Instruction No. SFST-7, Revision 4, "Part 71 Guidance."

Target Completion Date: April 2019.

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close the recommendation after verifying that NRC has documented and communicated the results of the analysis, performed in response to recommendation 1, to stakeholders.

Status: Resolved.

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Status of Recommendations

Recommendation 3: Establish sufficient internal controls by updating NRC guidance related to Part 72.48 review procedures.

Agency Response Dated
September 21, 2018:

The staff identified additional references to the licensing Federal Register Notice (FRN) guidance that needs correction to reflect the reorganization in the Office of Administration and the changing of FRN responsibilities to the Office of General Counsel. DI SFM-18 is currently in the concurrence process. The staff expects the guidance to be issued no later than October 28, 2018. The staff proposes that this recommendation be closed.

Target Completion Date: October 2018.

OIG Analysis: The proposed actions meet the intent of the recommendation. OIG will close the recommendation after verifying that NRC has issued Division Instruction SFM-18 to provide guidance and direction to the 72.48 Task Group as noted in the agency's September 15, 2017, response.

Status: Resolved.

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(OIG-17-A-21)

Status of Recommendations

Recommendation 4: Establish sufficient internal controls by developing and implementing training for Part 72.48 review process.

Agency Response Dated
September 21, 2018: The staff has completed this recommendation. The 10 CFR 72.48 training was conducted on April 16, 2018 and April 26, 2018.

Target Completion Date: Completed.

OIG Analysis: OIG accessed the training document in ADAMS and verified that NRC has implemented training for the Part 72.48 review process. The proposed actions meet the intent of the recommendation.

Status: Closed.