



CHIEF FINANCIAL
OFFICER

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

March 5, 2019

MEMORANDUM TO: Dr. 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 THE U.S.
NUCLEAR REGULATORY COMMISSION'S INTERNAL
CONTROLS OVER FEE REVENUE (OIG-15-A-12)

Please see below a status update pertaining to the subject audit report of March 19, 2015, and the Office of the Inspector General (OIG) correspondence of May 23, 2018.

Recommendation 1

Establish policies and procedures to centralize the control of TAC setup.

Status

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 CAC codes, 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 issued the final Labor Reporting Policy and Guidance in 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 (Interim CAC Guidance, [ML15328A273](#), and Yellow Announcement, [YA-16-0016](#), 02/19/2016).
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 (Integrated Training Documents for CAC System and Human Resources Management System (HRMS), [ML17299A170](#), and Yellow Announcement, [YA-17-0074](#), 08/16/2017).

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Recommendation 1 Milestones (Continued)

3. Establish policies and procedures to centralize the control of CAC setup for billable, docket-related, and/or project-related CACs – Complete (Labor Reporting and Policy Guidance), [ML18268A217](#), and Yellow Announcement, [YA-18-0098](#), 10/18/2018).
4. Update Management Directive 10.43, Time and Labor Reporting – Extended to 06/30/2019. The OCFO lead is Erikka LeGrand.

Recommendation 2

Design and implement internal controls that would allow user access in HRMS to TACs related only to their job functions.

Status

Closed ([ML18143B637](#), 05/23/2018).

Recommendation 3

Standardize and link TACs to specific tasks.

Status

Closed ([ML18143B637](#), 05/23/2018).

Recommendation 4

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

Status

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. System changes to the CACS and the Reactor Program System were completed in December 2018 to add the EPID Contact and EPID Contact Supervisor fields to the EPID record in order to aid in the review and oversight of the data. A pilot of the new process started in February 2019 and is due to be completed by mid-March 2019 with a final review and process changes to occur following the pilot. Training on the new process will occur during May/June of 2019 with a target completion date of June 30, 2019.

Recommendation 4 (Continued)

Milestones:

1. Design a plan to standardize and improve the staff hours validation process – Complete ([ML17290A261](#), 10/16/2017).
2. Design and complete a more effective validation report – Extended to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.
3. Provide guidance and training for the standard validation process – Extended to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.
4. Implement the improved CAC validation process – Extended to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.

Recommendation 5

Develop and implement a project manager and resident inspector overhead allocation methodology that will produce accurate, timely, and reliable overhead cost data for invoicing.

Status

Closed ([ML16048A015](#), 02/17/2016).

Recommendation 6

Design and implement procedures and processes that provide sufficient contractor information on the validation reports for NRC project managers and resident inspectors to identify and validate the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML15153A399](#), 06/02/2015).

Recommendation 7

Design and implement procedures and processes that provide sufficient contractor information on invoices for licensees and applicants to identify the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML16048A015](#), 02/17/2016).

cc: S. Zane, OIG
E. Rivera, OIG
J. Storch, OIG
J. Jolicoeur, OEDO

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S INTERNAL CONTROLS OVER FEE REVENUE (OIG-15-A-12), Dated: March 5, 2019

Due date: 03/29/19

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