



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

**OFFICE OF THE
INSPECTOR GENERAL**

March 28, 2019

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

Margaret M. Doane
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 INTERNAL
CONTROLS OVER FEE REVENUE (OIG 15-A-12)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
MARCH 5, 2019

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated March 5, 2019. Based on this response, recommendations 1 and 4 remain resolved. Recommendations 2, 3, and 5 through 7 were previously closed. Please provide an updated status of the resolved recommendations by July 15, 2019.

OIG issued this report in final on March 19, 2015, and by memorandum dated May 6, 2015, the agency acknowledged agreement with OIG on these recommendations. Office of Management and Budget Circular No. A-123 (M-16-17), Section C, dated July 15, 2016, states "Management has a responsibility to complete action, in a timely manner, on audit recommendations on which agreement with the OIG has been reached." Audit recommendation numbers 1 and 4 have been in resolved status for more than 3 years.

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
D. Jackson, OEDO
J. Jolicoeur, OEDO
S. Miotla, OEDO
S. Mroz, 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 TAC setup.

Agency Response Dated
March 5, 2019:

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.
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
3. Establish policies and procedures to centralize the control of CAC setup for billable, docket-related, and/or project-related CACs – Complete.
4. Update Management Directive 10.43, Time and Labor Reporting – Extended to 06/30/2019. The OCFO lead is Erikka LeGrand.

Audit Report

AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

OIG-15-A-12

Status of Recommendations

Recommendation 1 (cont.):

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 revised Management Directive referenced in the agency's March 5, 2019, memorandum adequately establishes policies and procedures to centralize the control of TAC setup.

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
March 5, 2019:

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.

Milestones:

1. Design a plan to standardize and improve the staff hours validation process – Complete.
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.

Audit Report

AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

OIG-15-A-12

Status of Recommendations

Recommendation 4 (cont.):

4. Implement the improved CAC validation process – Extended to 06/30/2019. The OCFO lead is Jawanza Gibbs-Nicholson.

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 and determines that NRC has designed and implemented a plan to improve the CAC validation process.

Status:

Resolved.