



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

**OFFICE OF THE  
INSPECTOR GENERAL**

July 26, 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  
JUNE 19, 2019

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated June 19, 2019. Based on this response, recommendations 1 and 4 remain open and resolved. Recommendations 2, 3, and 5 through 7 were previously closed. Please provide an updated status of recommendations 1 and 4 by September 1, 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: C. Haney, OEDO  
D. Jackson, OEDO  
J. Jolicoeur, OEDO  
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RidsEdoMailCenter Resource  
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## 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  
June 19, 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 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. The OCFO submitted NRC Form 521 "Request for Publication or Elimination of an NRC Management Directive" to ADM on 05/10/19. Based on a request from ADM, the package was resubmitted on 05/23/19. The OCFO has completed all requirements for the updating and publication of MD 10.43. The final issuance and release of MD 10.43 will be in accordance with ADM guidelines and schedule.

#### 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.

## Audit Report

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

OIG-15-A-12

#### Status of Recommendations

Recommendation 1 (cont.):

4. Update Management Directive 10.43, Time and Labor Reporting – The OCFO awaiting the final issuance of MD 10.43. 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 the finalized MD 10.43 and verifies that the new policies and procedures and revised Management Directive referenced in the agency's June 19, 2019, memorandum adequately establishes policies and procedures to centralize the control of CAC setup.

**Status:**

Open: 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  
June 19, 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 the new process that improves accountability and control by adding management oversight and awareness concerning the use of the EPID for capturing fee billable labor hours. Training on the new process began in May 2019 and will continue until June 27, 2019. The OCFO is on target to go-live after the training. The first fees validation period under the new process will occur in August 2019 with the offices reviewing and certifying pay period 14/2019 - 16/2019 data.

#### 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 June 30, 2019. The OCFO lead is Jawanza Gibbs-Nicholson.
3. Provide guidance and training for the standard validation process – Extended to June 30, 2019. The OCFO lead is Jawanza Gibbs-Nicholson.
4. Implement the improved CAC validation process – Extended to June 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:                   OIG received additional supporting documentation on July 9, 2019, and July 10, 2019.  OIG reviewed the provided supporting documents and determined that the actions proposed by the agency meet the intent of the recommendation.  This recommendation will be closed after OIG reviews the finalized redesigned validation reports and verifies that the improved CAC validation process have been implemented.

**Status:**                        Open: Resolved.