



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

**OFFICE OF THE
INSPECTOR GENERAL**

November 7, 2019

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

Margaret M. Doane */RA/*
Executive Director for Operations

FROM: Dr. Brett M. Baker
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 11, 2019

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated September 11, 2019. Based on this response, recommendation 1 remains open and resolved. Recommendations 2, 3, 4 and 5 through 7 are closed. Please provide an updated status of recommendation 1 by January 1, 2020.

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 1 has 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
S. Miotla, OEDO
S. Hudson, OCFO
RidsEdoMailCenter Resource
EDO_ACS Distribution
OCFO Rids Mailbox

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
September 11, 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 September 11, 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:

Complete. 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. The new process is streamlined, consistent and incorporates oversight by adding two new data elements (EPID Contact, and EPID Contact Supervisor) to the EPID record in the Reactor Program System and the Cost Activity Code System. Roles and responsibilities were created for fee billing coordination and validation staff to ensure they understand their role in the process and are accountable for fee billing validation work and its implications. Training on the new process began in May 2019 and was completed on June 28, 2019 with the agency "go live" date of July 1, 2019. The standardized fee billing validation process was officially in effect beginning with pay period 14 and required the offices with fee billable charges to review and certify pay period 14/2019 – 16/2019 data. The first monthly certification request utilizing the standardized FBV process was sent to offices on August 12, 2019 and due back to OCFO by August 23, 2019. This completes the requirements and closes out ticket # OEDO-19-00365 for Recommendation 4.

Milestones:

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

Audit Report

AUDIT OF NRC'S INTERNAL CONTROLS OVER FEE REVENUE

OIG-15-A-12

Status of Recommendations

Recommendation 4 (cont.):

2. Design and complete a more effective validation report – Extended to June 30, 2019 – Complete.
3. Provide guidance and training for the standard validation process – Extended to June 30, 2019 – Complete.
4. Implement the improved CAC validation process – Extended to June 30, 2019 – Complete.

Recommendation 4 (cont.):

OIG Analysis:

OIG received additional supporting documentation on October 30, 2019 which include;

- fee billing validation training slides;
- validation reports from 9/1/19 to 9/14/19;
- contract costs validation report;
- HRMS hours report;
- EPID contact validation report and instructions.

OIG reviewed the provided supporting documents and determined that the actions proposed by the agency meet the intent of the recommendation. Therefore, this recommendation is closed.

Status:

Closed.