



OFFICE OF THE
CHAIRMAN

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

September 23, 1981

The Honorable Toby Moffett, Chairman
Subcommittee on Environment, Energy and
Natural Resources
Committee on Government Operations
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with Section 236 of the Legislative Reorganization Act of 1970, enclosed is NRC's response to the recommendations addressed to the Chairman, NRC, in the General Accounting Office's report entitled, "Improvements Needed In The Nuclear Regulatory Commission's Office of Inspector and Auditor," dated July 9, 1981.

Sincerely,


Nunzio J. Palladino
Chairman

Enclosure:
Response to GAO
Recommendations

cc: Rep. Joel Deckard

Response to GAO Report Entitled "Improvements needed
in the Nuclear Regulatory Commission's Office of
Inspector and Auditor"
(EMD-81-72)

Recommendation

To improve OIA's effectiveness, we recommend that the Chairman, NRC, require the Director of that office to

- develop a systematic planning and prioritization process for both audit and investigative work which complies with OMB criteria and GAO guidance;

Response

On June 15, 1981, the Commission directed the Director, OIA, to "In the future, present the OIA audit plan in a format which more closely follows the guidance in OMB Circular A-73." This will begin with the preparation of OIA's calendar year 1982 audit plan.

OIA's investigative program responds to allegations referred to OIA; OIA generally does not initiate investigations independently. As a result, OMB and GAO guidance cannot normally be used in planning OIA's investigative workload. Establishing investigative priorities will remain a matter of judgement by OIA management based on factors such as health and safety implications, expressed Commission interest and statutory requirements.

Recommendation

- concentrate its investigative resources on work aimed at eliminating fraud and waste within NRC;

Response

We believe OIA's investigative resources are already concentrated on eliminating fraud and waste in NRC. Nonetheless, in the future OIA will evaluate ways to improve efforts in these areas.

Recommendation

- avoid assigning auditors to investigative work;

Response

It is the policy of the current OIA director that auditors will perform audits and investigators will perform investigations unless there is a bona fide need for an auditor's expertise on an investigation. There have been few instances since 1978 in which auditors have been assigned to investigations.

Recommendation

- establish a process of coordination between the audit and investigative groups in identifying possible assignments, and clearly communicate that process to the OIA staff;

Response

OIA management will establish a policy whereby suggestions from the audit group to investigative group, or vice versa, identifying potential matters for investigation or audit will be more closely controlled and monitored. This process will be documented in the OIA handbook currently being developed for the guidance of the OIA staff.

Recommendation

- develop formal guidance for the staff to follow in carrying out its work;

Response

An OIA handbook setting out OIA policies and procedures for the staff's guidance was under development at the time of the GAO audit. OIA management is currently reviewing this handbook. The Commission has directed that the handbook be completed by December 31, 1981.

Recommendation

- institute a formalized system of control over assignments where milestones and staff resources are established for completing critical steps and periodic job reviews are held to evaluate the status of assignments;

Response

An OIA Audit Milestone and Resource Schedule, which provides for job reviews, has been developed to schedule and monitor audits. This system went into effect August 5, 1981.

Recommendation

- establish and adhere to requirements regarding the follow-up on audit reports, and see to it that office directors respond in writing to OIA investigative reports.

Response

On August 6, 1981, NRC revised its audit report follow-up system to fully document compliance with OMB Circular A-73. OIA's handbook, mentioned above, will establish requirements and guidance to the staff on conducting follow-up reviews on reports. A follow-up schedule for

all reports will be established, but reasonable judgement must be used in adhering to the schedule because of the small size of the OIA staff and the possibility of unplanned higher priority work. OIA will perform more timely follow-up reviews in the future, however.

The staff has established a procedure to assure that required responses to OIA investigative reports are made.

Recommendation

In addition, we recommend that the Chairman, NRC, explore the possibility of assigning non-appropriate employee complaint cases and equal employment opportunity allegations to some other NRC office. This will allow the OIA investigative staff to give greater attention to eliminating fraud and waste within NRC.

Response

The report does not support the finding that too much time has been spent on employee complaint and EEO cases. Furthermore, GAO's recommendation simply proposes transferring work from OIA to some other unspecified office. If other offices had excess manpower it would be more appropriate to transfer staff from that office to OIA rather than transfer this function.

Recommendation

- initiate immediate action to establish a more formal process for seeking agency officials' comments on OIA draft reports. Any exception to this formal process--such as the use of an informal draft to obtain comments--should be clearly disclosed in the final report.

Response

The OIA handbook will document the formal process for seeking agency comments on draft OIA audit reports. The handbook will also specify documentation requirements for the agency comment process in both the report and work papers. Exceptions to the formal process will be clearly documented in the work paper files and to the extent necessary in the final report.

Recommendation

- direct OIA to issue its reports if program offices are untimely in providing their comments and require OIA to reflect in its reports any changes made based on program office comments.

Response

OIA has issued and will continue to issue its reports without the Executive Director for Operations' (EDO) comments if it is believed the EDO is unreasonably delaying comments. OIA will not issue reports to the Commission without EDO comments only because the EDO misses a response deadline. That process would not fairly consider other pressures on the program offices and the EDO and would result in too many issues being unnecessarily elevated to the Commission.

OIA's final reports will identify significant changes made as a result of program office comments.

Recommendation

- discontinue the practice of OIA conducting joint investigations with other NRC offices.

Response

Except during the TMI emergency, when the interview skills of OIA's audit and investigative staff were needed on the various NRC investigations of the TMI accident, OIA has not conducted joint investigations. While we agree with the general principle that OIA should not routinely be involved in joint investigations with other NRC offices, we don't agree that this has been a "practice" which needs to be discontinued.