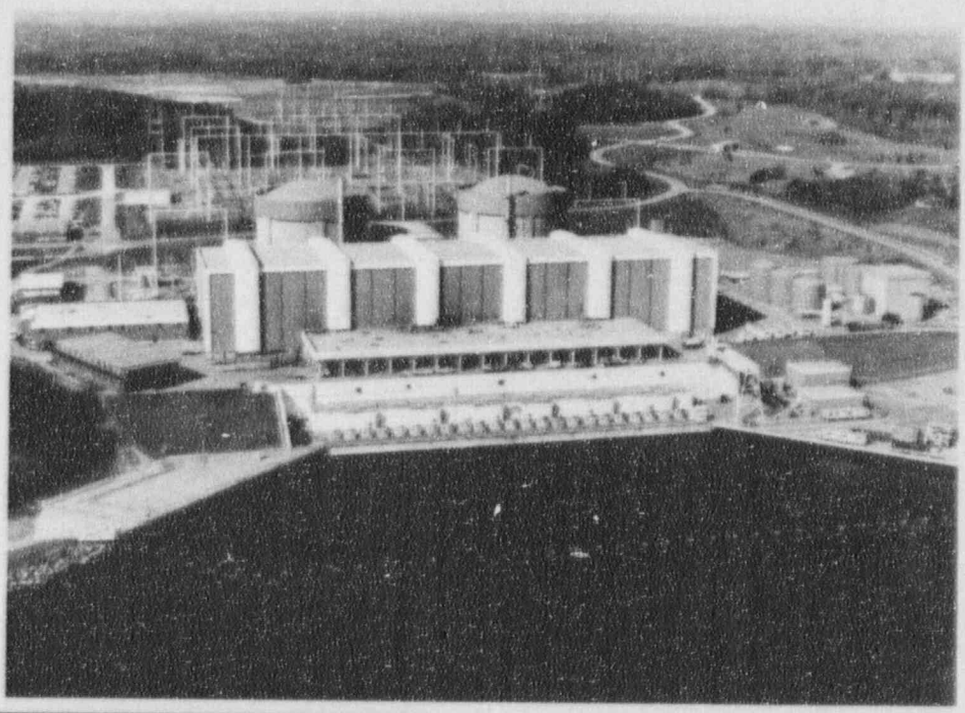
NUCLEAR REGULATORY COMMISSION

OFFICE OF THE INSPECTOR GENERAL

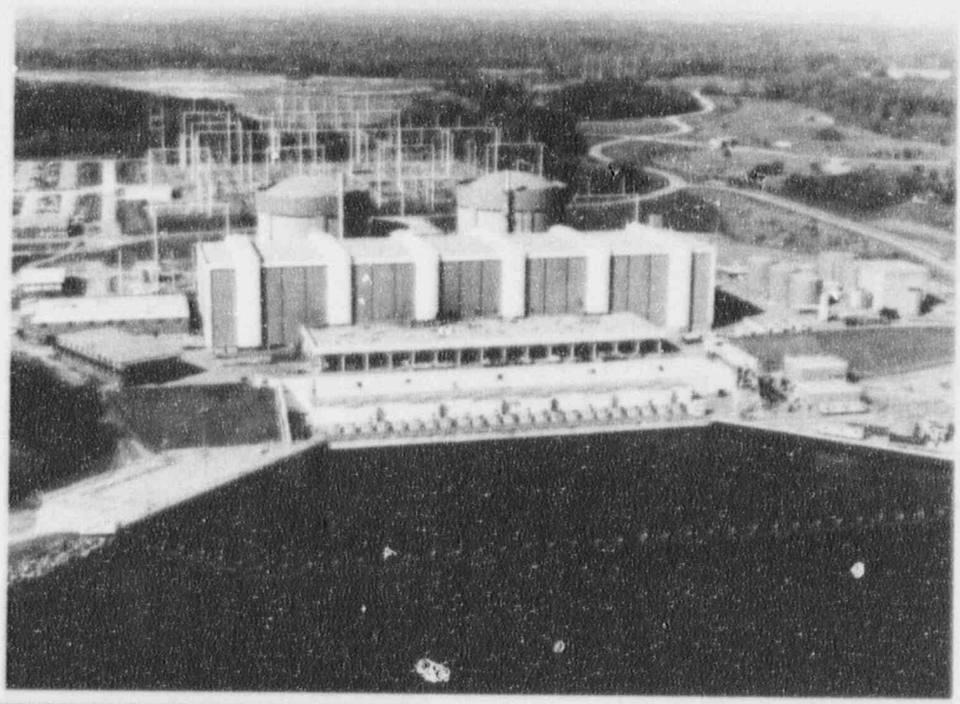


SEMIANNUAL REPORT

APRIL 1, 1993
SEPTEMBER 30, 1993

NUCLEAR REGULATORY COMMISSION

OFFICE OF THE INSPECTOR GENERAL



SEMIANNUAL REPORT

APRIL 1, 1993
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MEMORANDUM TO THE CHAIRMAN

The staff of the U.S. Nuclear Regulatory Commission (NRC) is presently engaged in a number of introspective examinations concerning the manner in which the agency does business. These initiatives, often Commission-mandated, are a timely and useful vehicle for joining in the current Administration's efforts to reform and reinvent Government. The Office of the Inspector General (OIG) is pleased to have suggested the need for some of these reviews, and to have assisted in the agency's review of others. We look forward to your continued requests and encouragement.

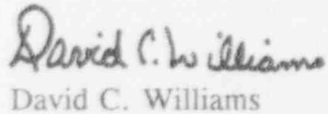
The accomplishments presented in this report represent the united efforts of the OIG staff and NRC management. Agency management has continued to provide complete access and cooperation for both investigative and audit initiatives. We acknowledge the support of NRC management and employees as we continue to strive toward achieving the highest level of integrity and efficiency within our programs and operations.

Bearing this in mind, I am pleased to submit my "Semiannual Report" to the U.S. Congress, covering the period from April 1, 1993, through September 30, 1993. This report complies with Section 5 of the Inspector General Act of 1978, as amended.

The OIG is committed to preventing fraud, waste, and abuse and to improving the economy and efficiency of NRC's programs and operations. In furtherance of these goals, the OIG staff provided Integrity Awareness Training for all NRC employees, both at Headquarters and at the five regional offices, as part of the agency's ethics program. In addition, the OIG completed seven performance audits addressing the agency's programmatic functions. This work resulted in eight recommendations to management. The OIG also completed 6 audits of NRC contracts, and analyzed 45 contract audit reports issued by the Defense Contract Audit Agency and the U.S. Department of Health and Human Services.

Furthermore, the OIG retained a certified public accounting firm to review the agency's internal controls in preparation for the audit of the agency's financial statements. This effort resulted in six recommendations to strengthen the agency's internal controls. The contract audit work resulted in questioning $158,031 and identifying an additional $757,822 as funds that could be put to better use.

Sincerely,



David C. Williams
Inspector General

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EXECUTIVE SUMMARY

The two sections that follow present brief summaries of selected audits and investigations completed during this reporting period. More detailed summaries of these activities appear later in this report.

AUDITS

- The U.S. Nuclear Regulatory Commission (NRC) is responsible for creating rules and programs to protect the public from undue radiation exposure. In a 1980 ruling, NRC recognized the need to collect and analyze information on medical "misadministrations." The NRC's objective was to more accurately determine the frequency of these occurrences and evaluate problem trends. An Office of the Inspector General (OIG) review found, and NRC agreed, that the NRC still needs to make improvements in its management of misadministration information if it is to fully achieve its regulatory objective.

- The OIG has previously reviewed issues related to a reactor restart and the dual responsibilities of the NRC and the Federal Emergency Management Agency (FEMA) for emergency preparedness. The OIG initiated this review to evaluate the effectiveness of NRC's overall process for approving reactor restarts and to evaluate what appears to be continuing ambiguities in the relationship between the two agencies concerning their respective roles. NRC agreed with OIG's recommendations for improving the tracking and documentation of restart issues, and for establishing specific NRC and FEMA points of contact for emergency preparedness issues.

- In accordance with the Chief Financial Officers Act, the OIG audited the NRC's Principal Financial Statements for fiscal year (FY) 92. This year's audit was performed for the purpose of forming an opinion on the Principal Financial Statements. The NRC agreed with the recommendations to improve NRC's internal control structure to address material weaknesses.

- The OIG assessed the adequacy of NRC's system for audit followup to determine how effective NRC's followup system is in resolving, monitoring, and closing out recommendations. Overall, NRC has an adequate followup system in place and NRC officials have been effective in implementing and closing out recommendations.

INVESTIGATIONS

- An OIG investigation was initiated based on information developed during the NRC Incident Investigation Team examination of the therapy misadministration and loss of an iridium-192 source at the Indiana Regional Cancer Center, Indiana, Pennsylvania. The OIG found that the existing NRC policy guidance for the licensing of remote afterloading devices was not adhered to by the regional office in handling certain licensing actions of the Oncology Services Corporation.

- The Citizens Urging Responsible Energy (CURE) organization asserted that the NRC did not act to ensure that the Boston Edison Company, the Pilgrim Nuclear Power Station (PNPS) licensee, corrected identified problems. The OIG's investigation did not reveal sufficient evidence to support the assertion that the NRC deliberately minimized specific problems at PNPS. The OIG could not fully investigate each allegation because the inspectors were unable to recall the events. The failure of inspectors to retain documentation of field activities shows NRC's vulnerability when questioned about activities and findings pertaining to past events.

- The OIG received an allegation that managers in an NRC regional office were discouraging inspection findings. The OIG's investigation revealed that there was a perception held by some inspectors in the region that management discouraged the identification and reporting of violations. However, regional management and other inspectors disagreed with this perception. The investigation also disclosed that some region's management report review procedures were not always clear to inspectors.

- An OIG investigation was initiated based on an allegation that an NRC employee submitted numerous questionable travel claims. The OIG determined that the employee had submitted fraudulent travel vouchers containing false claims for lodging expenses and used an NRC Diners Club credit card for expenses other than those incurred from official travel.

- The OIG received an allegation that an NRC resident inspector improperly solicited employment from managers at a nuclear power plant. The OIG investigation confirmed that the NRC inspector made statements that constituted improper solicitations for employment.

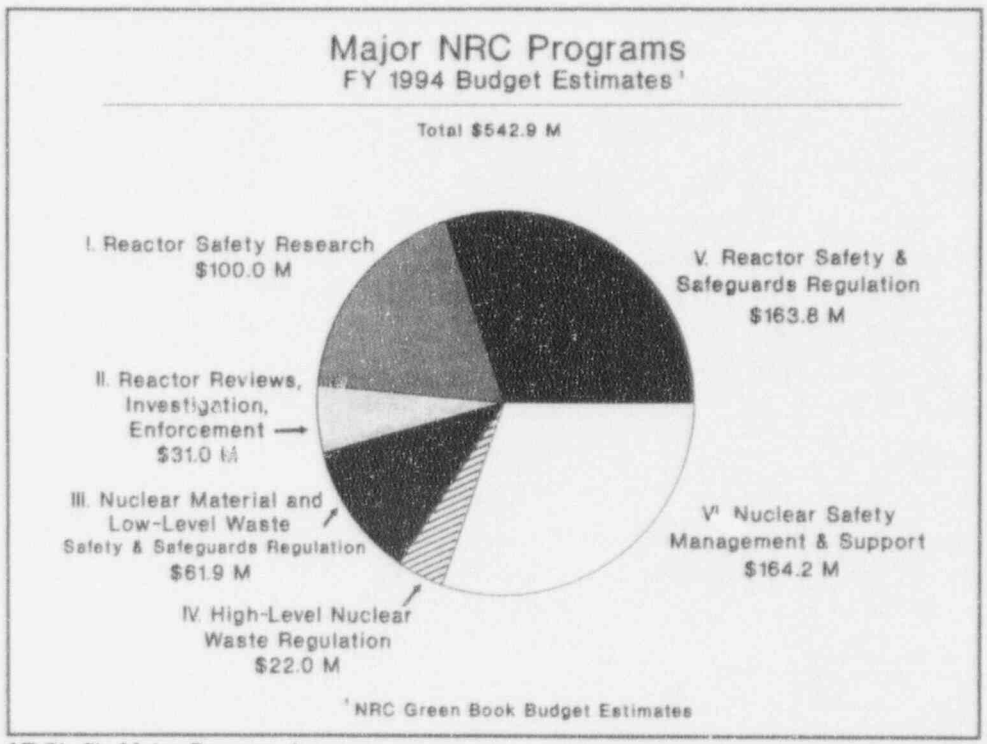
- The OIG participated in the onsite portion of an Incident Investigation Team's (IIT's) investigation of an incident that occurred at Three Mile Island. The IIT's final report recommended that the design-basis threat, as defined by NRC, be reevaluated. This recommendation was subsequently adopted by the Commission.

THE U.S. NUCLEAR REGULATORY COMMISSION

The NRC was established as an independent Federal agency by the Energy Reorganization Act of 1974, as amended. This act, along with the Atomic Energy Act of 1954, as amended, constitutes the foundation for the regulation of the Nation's commercial nuclear power industry.

The NRC is headed by five Commissioners who are nominated by the President and confirmed by the Senate for 5-year terms. The Chairman and spokesperson for the Commission is appointed by the President from among the Commissioners.

The NRC employs about 3,300 technical, scientific, and administrative staff in the Washington area and five regional offices. The FY 1994 budget is approximately $548 million. This estimate includes the OIG's budget of $4.8 million.



NRC's Six Major Program Areas

The NRC's scope of responsibility is diverse and complex. Its mission ensures that civilian uses of nuclear materials in the United States--in the operation of nuclear power plants or medical, industrial, or research applications--are carried out with appropriate regard for the protection of public health and safety, the environment, and national security. The NRC fulfills its responsibilities through licensing and regulatory activities supporting six major program areas.

THE OFFICE OF THE INSPECTOR GENERAL

The Inspector General Act of 1978, as amended, created an independent and objective OIG within the NRC. The OIG's primary mission is to assist the NRC in operating more effectively and efficiently by identifying ways to improve the agency's programs and operations through the prevention and detection of fraud, waste, and abuse. The OIG accomplishes its mission by performing audits, investigations, and inspections.

The OIG audit staff conducts performance and financial audits. Performance audits focus on NRC's administrative and program operations by evaluating how managerial responsibilities are carried out. OIG's financial audits review NRC's internal control systems, transaction processing, and financial systems. The OIG investigative staff conducts investigations and inspections concerning the agency's programs and operations.

In addition, the NRC's OIG shares some unique responsibilities with the agency. The NRC's primary mission is to provide adequate assurances that public health and safety is protected in

David C. Williams (right) presents plaque to departing Commissioner James R. Curtiss in appreciation of his support of the Office of the Inspector General.

the commercial use of nuclear materials and in the operation of nuclear facilities. The OIG, therefore, plays a critical role by assessing and reporting on NRC's efforts to ensure that its safety-related programs are operating effectively.

Of particular importance is the NRC's responsibility for ensuring that individuals who identify nuclear safety concerns regarding the use of nuclear materials do not suffer adverse job actions resulting from such activities. The OIG continually assesses the NRC's efforts to combat this type of unlawful discrimination. OIG's initiatives in this area have led to congressional hearings and the formation of an agency task force.

The NRC is relatively unique among Federal agencies because it is required by the Omnibus Budget Reconciliation Act of 1990 to recover approximately 100 percent of its budget authority. In FY 1992, the NRC collected approximately $489 million in fees from the industries that it regulates. Therefore, the agency must employ sound financial practices to fully comply with its legislative mandates. The OIG's financial audits help the agency to meet these objectives.

It is only through the combined efforts of NRC management and the OIG that these mandates are successfully executed. A recent noteworthy OIG endeavor consisted of more than 50 joint agency-wide training sessions. In these presentations, the NRC's Office of the General Counsel provided mandatory ethics lectures, and the OIG staff presented integrity awareness issues, with both offices responding to employee questions. This venture demonstrates the vital link between NRC components and the OIG, working in tandem toward the successful accomplishment of OIG's mission.

THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

Annually, the OIG conducts a review of the agency's efforts to comply with the Federal Managers' Financial Integrity Act (FMFIA). This evaluation is particularly important to ensure that potential vulnerable areas are identified and that NRC managers establish a continuous process for evaluating, improving, and reporting on the internal control and accounting systems for which they are responsible.

The FMFIA specifies that by December 31 of each year, the head of each executive agency subject to the act shall submit a report to the President and Congress stating whether the agency's evaluation of its internal controls was conducted in accordance with the Internal Control Guidelines issued by the U.S. Office of Management and Budget (OMB) and whether the agency's system of internal accounting and administrative controls complies with the standards established by the Comptroller General.

In OIG's report of its 1992 review, OIG recommended that the NRC strengthen its process for implementing the FMFIA by establishing a quality assurance program that would be administered by the agency's Internal Control Committee. The OIG also recommended that the Office of the Controller include quality assurance provisions in NRC Management Directive 4.4, "Internal Controls" (formerly Manual Chapter 0801). NRC agreed with these recommendations.

The OIG report noted that internal control deficiencies were found in four areas, the first of which is computer security. The NRC's Office of Information Resources Management (IRM) contracted with the Los Alamos National Laboratory to review NRC's computer security program. In November 1991, Los Alamos reported its findings and recommendations to IRM. As reported in an October 1992 OIG report entitled "Significant Weaknesses Hamper NRC's Computer Security Program," 15 of the 30 Los Alamos recommendations had not been implemented. Therefore, the agency's computer security program failed to comply with the minimum security requirements of OMB Circular A-130, "Management of Federal Information Resources."

The second area of deficient internal controls was reported in an OIG report entitled "Improvements Needed in NRC's Process for Approving Payments to the Department of Energy." This report disclosed that the agency had paid approximately $500 million to the Department of Energy (DOE) laboratories since 1986 without reviewing or approving the associated invoices. These reviews and approvals are required by agency guidance, the General Accounting Office, and the U.S. Treasury Department.

The third area was reported in an internal NRC review of DOE agreements that identified project management practices that require improvement to adequately protect the agency's

business interests. The study found that the agency's project files did not reflect adequate analysis of proposed contractor costs or effective project monitoring, and that the agency needs to institute better control over projects to ensure that required goods and services are obtained at reasonable prices. Deficiencies identified during this internal review were attributed to the lack of an agency-wide standard for contract management. The management of DOE projects was previously identified in the agency's 1991 FMFIA report as a significant weakness after reviewing NRC's management controls. After considering OMB comments related to the identification of these deficiencies as a material weakness, the NRC's Executive Director for Operations (EDO) notified OMB that the agency would identify the management of DOE projects as a material weakness in its 1992 FMFIA report.

The fourth area identified as a material weakness was the agency's general ledger system. Many OIG audit reports and limited/detailed reviews that NRC performed disclosed significant internal control deficiencies within the agency's general ledger. These deficiencies include--

- failure to reconcile the general ledger with subsidiary ledgers;
- failure to obtain approval from the originating branch before making adjustments to the general ledger; and
- incompatibility of financial systems.

These three deficiencies meet the definition of a material internal control weakness as defined by OMB Circular A-123. In accordance with the FMFIA requirements, OIG recommended that these areas be reported as material internal control weaknesses in the Chairman's 1992 report to the President and Congress. The agency agreed with the OIG's recommendation.

The EDO instructed the cognizant offices to develop action plans that will guide the offices in how to correct the material weaknesses noted above. Recently, the Assistant Inspector General for Audits and members of the audit staff met with office directors to discuss their plans to correct material weaknesses. The proposed plans are comprehensive and goal-oriented. As OMB's guidance states, a material weakness is considered a weakness until it is corrected. OIG will, therefore, track the agency's corrective actions during its annual FMFIA review, as well as during its review of the agency's followup system.

Recently, the OMB has instructed that the FMFIA report for 1993 should reflect the actual state of the agency's management controls. OMB would like each agency to focus its report on corrective action and results, and not on the process. Special attention is also being directed at the speed with which material weaknesses are corrected.

OMB has indicated that it will soon propose new management policies for streamlining the FMFIA program based on recommendations in the National Performance Review. The OIG will, therefore, annually evaluate NRC's adopted methods for streamlining the FMFIA process.

THE AUDIT PROGRAM

Toward the goal of helping the agency improve its effectiveness, the OIG completed seven performance audits addressing the NRC's programmatic functions. This work resulted in eight recommendations to NRC management. The OIG also completed 6 audits of NRC contracts, and analyzed 45 contract audit reports issued by the Defense Contract Audit Agency (DCAA) and the U.S. Department of Health and Human Services (HHS).

NRC's Six Mission Areas

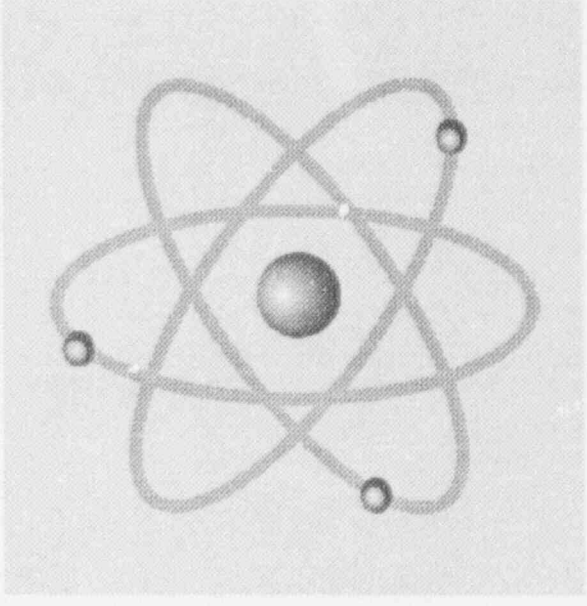
I. **Reactor Safety Research**
(Research)
II. **Reactor Reviews, Investigation, Enforcement**
(Reviews)
III. **Nuclear Material and Low-Level Waste Safety and Safeguards Regulation**
(Low-Level Waste)
IV. **High-Level Nuclear Waste Regulation**
(High-Level Waste)
V. **Reactor Safety and Safeguards Regulation**
(Reactor Regulation)
VI. **Nuclear Safety Management and Support**
(Management & Support)

In addition, the OIG retained a certified public accounting firm to review internal controls in preparation for the audit of the agency's financial statements. This effort resulted in six recommendations to strengthen the agency's internal controls. The contract audit work resulted in questioning $158,031 and identifying an additional $757,822 as funds that could be put to better use.

AUDIT SUMMARIES

NRC's Management of Misadministration Information

(Low-Level Waste)



On November 16, 1992, a wire containing highly radioactive material broke and was unknowingly left inside of an 82-year-old patient receiving radiation therapy for cancer. This contributed to the patient's death, which occurred 5 days later. The accident went undiscovered until December 1, 1992. Soon, thereafter, a newspaper published a series of articles detailing a 17-year history of other mistakes made in radiation therapy that harmed patients. These events focused the attention of Congress and the public on the NRC's regulation of medical licensees.

NRC is responsible for creating rules and programs to protect the public from undue radiation exposure. The agency also informs Congress and the public of its progress in meeting this objective. Inherent in these responsibilities is the need to analyze regulatory data,

identify adverse trends, and ensure that resources are effectively managed and focused to address problem areas. In a 1980 ruling, NRC recognized the need to collect and analyze information on medical "misadministrations[1]." The NRC's objective was to more accurately determine the frequency of these occurrences and to evaluate problem trends. This OIG review found that NRC still needs to make important improvements in its management of misadministration information if it is to fully achieve this regulatory objective. For example, reported misadministrations increased nearly three-fold over the last 3 years compared to the average of the preceding 9 years, although NRC staff is unable to fully explain the increase.

NRC recently made three significant changes to its reporting criteria, including requiring licensees to report only the misadministrations of greatest magnitude. Even with these changes, the number of reported incidents is rising. NRC relies on estimates (last published in 1987) of annual therapeutic procedures that use radiation. However, since then, the estimates have not been revised or independently confirmed.

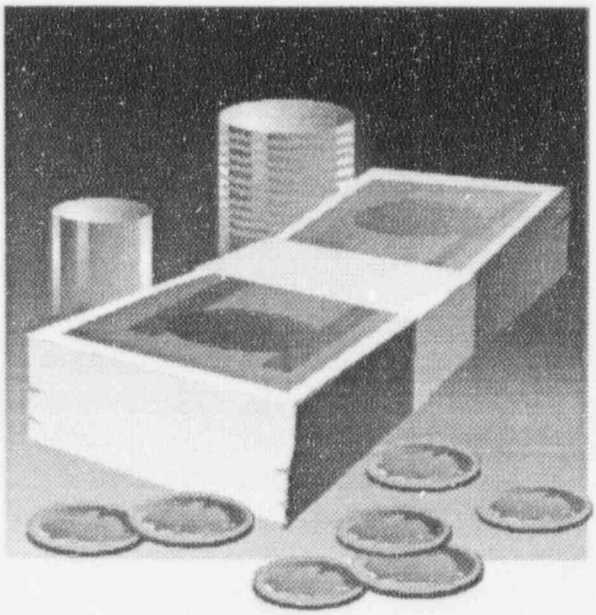
In addition, OIG found weaknesses in the NRC's Office for Analysis and Evaluation of Operational Data (AEOD) Annual Reports that are used to identify important emerging trends. Due to the manner in which AEOD prepares key information, NRC did not detect significant inaccuracies in its 1989 and 1990 data. OIG also found that NRC staff base their regulatory decisions on case-by-case reviews and assessments of licensee events, not on misadministration trends.

These problems led OIG to conclude that NRC has not fully met its 1980 objective. OIG believes that it is essential for NRC to have accurate data to determine whether broad program adjustments are needed to better protect public health and safety. To correct these longstanding weaknesses, OIG recommended that the NRC independently obtain and verify the number and type of procedures involving the medical use of byproduct materials that licensees perform annually, and establish performance indicators to strengthen its regulatory oversight. NRC management agreed with OIG's recommendations.

[1]A misadministration, in its simplest terms, is an overdose, underdose or unintended dose of radiation to a patient that exceeds NRC's regulatory criteria.

Audit of NRC's FY 1992 Financial Statements

(Management & Support)



The OIG is required by the Chief Financial Officers Act to audit the Principal Financial Statements of the NRC at the end of each fiscal year. OIG used a contractor to perform the audit of the principal statements for the fiscal year ended September 30, 1992, including assessing the agency's internal control structure and compliance with applicable laws and regulations.

The findings of the audit of each major area are summarized below.

Principal Financial Statements

- A qualified opinion was issued on the Statement of Financial Position as of September 30, 1992. The qualified opinion resulted from the incompleteness of the Property, Plant and Equipment account due to a lack of historical records. In addition, there was a lack of assurance regarding DOE's compliance with laws and regulations related to NRC funds paid for work performed at DOE's national laboratories under an interagency agreement between the agencies.

Internal Control Structure

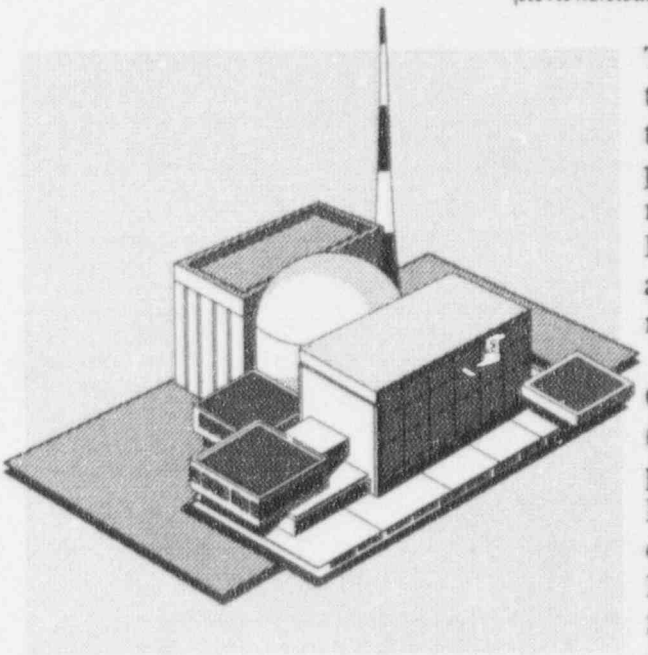
- Four material internal control weaknesses were reported that had an effect on the financial statements: problems relating to the general ledger; concern over funds spent at DOE's national laboratories; failure to bill licensees in a timely manner for services rendered; and lack of a policy for capitalizing supplies inventory, leasehold improvements, and automated data processing software. The Chief Financial Officer (CFO) did not believe that untimely billing of fees should be characterized as a material weakness. The CFO felt that the agency had made great strides in reducing the billing cycle and would be looking at other cost-effective methods to reduce the time required to bill for services rendered.

- It was also reported that there was a need for NRC to present budgeted and actual expense information in its financial statements at the programmatic level. NRC had elected to show budgeted and actual expenses at the appropriation level.

Six recommendations were made to improve NRC's internal control structure. NRC agreed with the intent of all of the recommendations.

NRC's Reactor Restart Process

(Reviews/Reactor Regulation)



The OIG has previously reviewed issues related to a reactor restart and the dual responsibilities of the NRC and FEMA for emergency preparedness. In 1991, the OIG issued two audit reports on these issues. One report addressed NRC's handling of restart issues for Pilgrim 1, and the other disclosed ambiguities in the relationship between NRC and FEMA.

On August 24, 1992, Florida Power and Light (FP&L) shut down its Turkey Point nuclear plants because of impending danger from Hurricane Andrew. The storm caused extensive damage to the site. With NRC's approval, FP&L restarted Turkey Point Unit 4 on September 29, 1992. Two days later, FP&L shut down the plant because the restart process failed to adequately consider emergency preparedness issues. In particular, NRC failed to notify the proper FEMA officials of Unit 4's planned restart. The OIG initiated its review to evaluate the effectiveness of NRC's overall process for approving reactor restarts and to evaluate what appeared to be continuing ambiguities in the relationship between the two agencies.

After the Turkey Point Unit 4 restart, NRC management recognized that its restart procedures were inadequate. OIG found that NRC management has since strengthened the guidance for approving reactor restarts, and is revising its Memorandum of Understanding with FEMA to clarify the roles and responsibilities of the agencies. However, OIG believes additional actions are needed to further improve the reactor restart process. Specifically, OIG found that (1) the process for tracking and documenting the resolution of restart issues needs improvement, and (2) NRC and FEMA need to improve communications channels. NRC agreed with OIG's recommendations for improving the tracking and documentation of restart issues, and for establishing specific NRC and FEMA points of contact for emergency preparedness issues.

Review of Imprest Funds

(Management & Support)

The NRC maintains imprest funds at Headquarters and at all five regional offices for the purpose of making cash disbursements (1) to vendors for goods and services, (2) to employees as advances for authorized expenditures, and (3) to employees as reimbursements for authorized expenditures. The OIG is required to conduct unannounced audits of each imprest fund as frequently as deemed necessary, but at least once annually.

This review was conducted to ensure that all imprest funds were accounted for and to determine whether appropriate internal controls were in place to protect the funds from loss or misuse. The OIG counted all imprest funds maintained at NRC Headquarters and at the regional offices, interviewed cognizant personnel, and reviewed applicable documentation. All imprest funds were accounted for during this review and appropriate internal controls were generally in place to protect the funds from loss or misuse.

NRC's Compliance With the Anti-Lobbying Act

(Management & Support)

In order to assess NRC's compliance with the Anti-Lobbying Act, the OIG reviewed FY 93 contract actions to determine if the required contract clauses and certifications were included, where necessary. Specifically, OIG reviewed 19 of 61 contract actions, each with a value in excess of $100,000. OIG found the agency to be in compliance with the Anti-Lobbying Act.

OIG also found that there were no alleged violations relating to NRC's covered Federal actions, therefore, no action was required by the Chairman and no penalty was imposed by NRC.

NRC's Audit Followup System

(Management & Support)

OMB Circular A-50 requires agency heads to designate a senior agency official to oversee followup activity within their agencies. The Audit Followup Official (AFO) is responsible for establishing an audit followup system to ensure the prompt and effective resolution and implementation of audit recommendations. NRC's Executive Director for Operations (EDO) serves as the agency's AFO. The EDO has established an audit followup system that is described in NRC Management Directive 6.1. OIG's review of NRC's audit followup system found, overall, that it conforms with OMB standards and that NRC officials have been effective in implementing and closing out audit recommendations. However, OIG found one area in which the audit followup system could be improved.

OIG found that NRC's AFO lacks the authority to track and report on final actions on recommendations made to Commission-level offices. OIG believes that these recommendations should be formally tracked in the AFO's centralized tracking system. This would enhance the audit followup system's effectiveness and efficiency.

OIG's report advises that the AFO be given the authority to track Commission-level offices' recommendations in the agency's centralized tracking system. The EDO commented on the findings of OIG's report and agreed to implement all recommendations.

AUDITS IN PROGRESS

• ***Review of NRC's Response to Harassment and Intimidation Allegations***--OIG is reviewing NRC's process for responding to allegations of harassment and intimidation by licensee employees or contractor employees who raise safety concerns.

• ***Followup Review of NRC's Debt Collection Process***--OIG is conducting a followup review on the recommendations made in its report issued in May 1991. The objective of the review is to determine whether the agency effectively implemented the recommendations and that the conditions that led to the recommendations no longer exist.

• ***Review of NRC's Information Resource Management Systems***--OIG is reviewing the agency's use of and experience with some of its automated safety-related information systems. OIG is interviewing nearly 100 managers at Headquarters and at the regional offices to obtain their perspectives of whether these systems are effective in helping them to manage their respective regulatory programs.

• ***Review of NRC's Process for Inspecting Safety-Related Parts***--Nuclear utilities may purchase safety-related parts from suppliers that adhere to NRC quality assurance guidelines, or from so-called commercial-grade suppliers. When they purchase from commercial-grade suppliers, the utilities must ensure that such parts can perform their intended safety function. NRC inspects suppliers' and utilities' procurement programs to ensure the integrity of safety-related parts. The OIG will assess the effectiveness of NRC's process for (1) evaluating utilities' procurement programs, and (2) taking corrective actions when defective parts are identified.

• ***Review of Fees for Material Licensees***--This review was requested by the Commission and will answer several questions regarding the rationale and methodology used for setting fees.

• ***Review of NRC's Management of Its Contract with Southwest Research Institute for Operating the Center for Nuclear Waste Regulatory Analyses (CNWRA)***--The CNWRA is a federally funded research and development center that is performing work for NRC as a part of NRC's licensing activities under the Nuclear Waste Policy Act. The objective of the review is to determine the level of adherence by the Office of Nuclear Material Safety and Safeguards and the Office of Administration to the established policies and procedures for managing the work at the CNWRA. In particular, the review concentrates on the mission and the level of effort, the cost-effectiveness, and the efficiency and effectiveness of contract implementation.

• ***Review of the Office of Research's Implementation of Prior OIG Audit Recommendations--*** As a result of a request from the Chairman, and in response to concerns expressed by the Committee on Appropriations, we are performing a review to determine (1) whether NRC's Office of Research has implemented corrective actions in response to recommendations contained in prior OIG audits (92A-08 and 92A-20), and (2) whether similar problems exist in other NRC program offices.

AUDIT TABLES

The NRC's dependence on commercial contract activity is relatively small. Thus, questioned costs and savings are inherently smaller than those reported by most other agencies. During this reporting period, the OIG analyzed 45 contract audit reports issued by the DCAA and HHS and audited 6 NRC contracts. The tables that follow depict the cost savings from this work.

TABLE I
OFFICE OF THE INSPECTOR GENERAL
REPORTS CONTAINING QUESTIONED COSTS

Reports		Number of Reports	(Dollar Value) Questioned Costs	(Dollar Value) Unsupported Costs
A.	For which no management decision had been made by the commencement of the reporting period	2	598,608	0
B.	That were issued during the reporting period	2*	158,031	0
	Subtotals (A+B)	4	756,639	0
C.	For which a management decision was made during the reporting period:			
	(i) dollar value of disallowed costs	1	45,573	0
	(ii) dollar value of costs not disallowed	2	598,608	0
D.	For which no management decision had been made by the end of the reporting period	1	112,458	0
E.	For which no management decision was made within 6 months of issuance	0	0	0

* The figure differs from number of reports reviewed because 19 reports had no questioned costs.

TABLE II
OFFICE OF THE INSPECTOR GENERAL REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

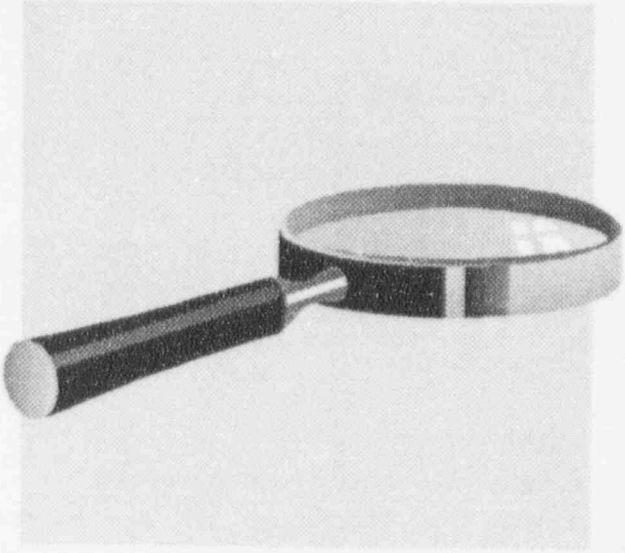
	Reports	Number of Reports	Dollar Value of Funds
A.	For which no management decision had been made by the commencement of the reporting period	2	618,940
B.	That were issued during the reporting period	5*	757,822
	Subtotals (A+B)	7	1,376,762
C.	For which a management decision was made during the reporting period:		
	(i) dollar value of recommendations that were agreed to by management	5	757,822**
	(ii) dollar value of recommendations that were not agreed to by management	0	0
D.	For which no management decision had been made by the end of the reporting period	1	9,580
E.	For which no management decision was made within 6 months of issuance	1	9,580***

* 25 other preaward audit reports reported either zero funds were available for better use or no contract was awarded.

** The original reported savings ($609,360) on one carryover contract was negated because of a change in the scope of work and a new requested audit from LCAA.

*** Selection of awardee delayed due to contractual issues currently under review by the Contracting Officer. Resolution is expected to occur within the next 6 months (Request for Solicitation, NRR-92-021).

THE INVESTIGATIVE PROGRAM



NRC's Six Mission Areas

I. **Reactor Safety Research**
(Research)
II. **Reactor Reviews, Investigation, Enforcement**
(Reviews)
III. **Nuclear Material and Low-Level Waste Safety and Safeguards Regulation**
(Low-Level Waste)
IV. **High-Level Nuclear Waste Regulation**
(High-Level Waste)
V. **Reactor Safety and Safeguards Regulation**
(Reactor Regulation)
VI. **Nuclear Safety Management and Support**
(Management & Support)

During this reporting period, the OIG received 260 allegations, initiated 49 new investigations, and closed 47 cases. In addition, 5 referrals were made to the Department of Justice (DOJ) and 77 to NRC management.

As part of OIG's efforts to emphasize prevention and work cooperatively with management to maximize impact, efforts were made toward (1) improving coordination among the audit, inspection, and investigative units, and (2) participating in agency task forces that examine ways to strengthen agency operations. Two of the following summaries, pertaining to Medical Misadministration and the Three-Mile Island incident, exemplify some of OIG's joint efforts.

INVESTIGATIVE CASE SUMMARIES

Medical Misadministration

(Low-Level Waste)

An investigation was initiated based on an NRC Incident Investigation Team's (IIT's) examination of therapy misadministration and loss of an iridium-192 source at the Indiana Regional Cancer Center, Indiana, Pennsylvania. The investigation concentrated in five areas related to NRC operations.

The OIG found that existing NRC policy guidance for licensing of high dose rate (HDR) remote afterloading devices was not followed by the regional office in handling some of Oncology Services Corporation's (OSC's) licensing actions. Additionally, some license amendments were issued despite knowledge by some NRC staff of policy discrepancies or lack of guidance on various amendments. Furthermore, the investigation confirmed that an NRC section chief made

an inappropriate remark concerning a licensee. The OIG also found deficiencies in the handling of an allegation made by Region I against OSC, which included a lack of documentation for allegation resolution, a lack of adequate issue identification, and inappropriate allegation disclosure to the licensee.

Questions about OSC's license and transportation of the HDR device were raised in 1991. The NRC staff conducted inadequate inquiries into these concerns and allowed the licensee to continue operating without restriction. The investigation determined that the HDR device had never been evaluated for portable use. Also, NRC management, despite assurances to the contrary, was unaware that the licensee's radiation safety officer did not possess the required training for installing the device following transportation. The OIG also found deficiencies in the Headquarters' system for tracking regional requests for policy guidance and technical assistance.

Because of this incident (and others nationwide) involving the misadministration of nuclear medicine, the Senate Committee on Governmental Affairs, chaired by Senator John Glenn of Ohio, held hearings in May 1993. These hearings addressed the effectiveness of NRC's regulatory efforts concerning radioactive pharmaceuticals.

Pilgrim Licensee Allegations

(Reviews/Reactor Regulation)

The OIG initiated an investigation based on information from Citizens Urging Responsible Energy (CURE). CURE asserted that NRC did not ensure that the Boston Edison Company (BECo), the Pilgrim Nuclear Power Station (PNPS) licensee, corrected identified problems. CURE supported its allegations by providing information about safety-related technical problems at PNPS that were not properly handled by the NRC.

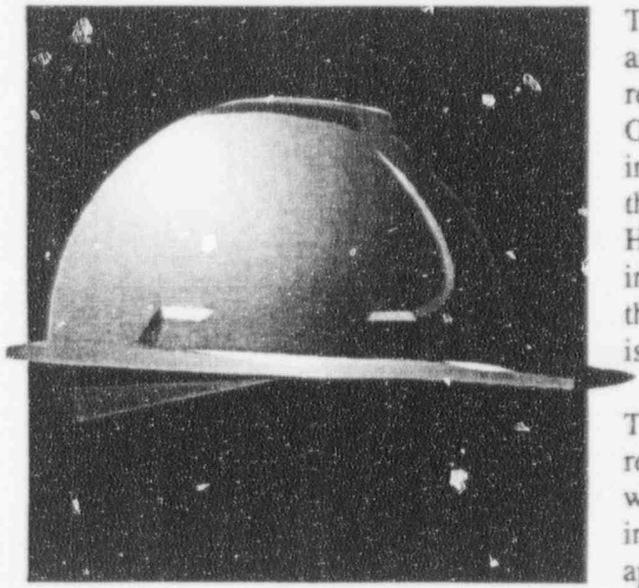
The OIG investigation concentrated on how NRC staff conducted inspection activities and developed findings and conclusions; no reinspections were made, nor were the technical assessments made by NRC staff questioned. The investigation did not establish wrongdoing concerning issues surrounding the PNPS restart in 1988, and Confirmatory Action Letter 86-10.

The investigation did not reveal sufficient evidence to support the assertion that the NRC deliberately minimized specific problems at PNPS. The allegations concerned discrepancies between NRC reports and BECo documents related to certain events at PNPS.

The OIG could not fully investigate each allegation because the inspectors were unable to recall the events. The failure of inspectors to retain documentation of field activities shows NRC's vulnerability when questioned about activities and findings relating to past events.

NRC Regional Managers Discouraging Reporting of Inspection Findings

(Reviews/Reactor Regulation)



The OIG received an allegation that managers in an NRC regional office were discouraging the reporting of findings from plant inspections. The OIG investigation revealed that some inspectors in the region felt that management discouraged the identification and reporting of violations. However, regional management and other inspectors disagreed with this perception, stating that inspectors were encouraged to report safety issues during inspections.

The investigation also disclosed that some regional management's report review procedures were not always clear to inspectors. The inspectors failure to understand led to inconsistent applications of procedures and lowered staff morale. In response to the investigation, the regional administrator issued a memorandum to regional staff addressing management's expectations of safety findings and the enforcement of violations.

Fraudulent Travel Vouchers Submitted by an NRC Employee

(Management & Support)

An OIG investigation determined that an NRC employee submitted four fraudulent travel vouchers containing false claims for lodging expenses. The investigation further disclosed that the employee used an NRC Diners Club credit card for expenses other than those incurred through official travel. The employee subsequently resigned. Additionally, an authorization for the NRC to proceed under the provisions of the Program Fraud Civil Remedies Act (PFCRA) is pending at DOJ. Under the provisions of PFCRA, an individual may be held liable for up to double the amount of a false claim and up to $5,000 for each false statement.

NRC Resident Inspector Violates Employment Solicitation Regulations

(Reactor Regulation)

A plant manager reported to the OIG that an NRC resident inspector improperly solicited employment from managers at a nuclear power plant. The OIG investigation confirmed that the NRC inspector made statements that constituted improper solicitations for employment. The inspector was not considered for employment at the plant. This employee resigned from the NRC at the completion of the OIG investigation, in lieu of facing pending disciplinary action.

OIG Participation With Incident Investigation Team

(Reviews/Reactor Regulation)

The NRC's EDO establishes IITs for the purpose of performing single-agency investigations of significant events and to determine whether NRC activities preceding and contributing to the event were timely and adequate. As part of an ongoing program, the OIG participates in agency IITs.

In February, an intruder drove a vehicle through an open entry point at Three Mile Island Nuclear Generating Station's (TMI's), Harrisburg, Pennsylvania, North Gate. The intruder continued past the entrance gate and headed toward the reactor containment building. The intruder's vehicle crashed into the protected area fence and then through a rollup door into the turbine building. The Federal Bureau of Investigation, the State Police, an Army Explosive Ordnance Disposal Team, and the TMI site protection force responded to the subsequent alert. The intruder was apprehended within 4 hours of the incident.

An observer from OIG joined the IIT at TMI for the onsite portion of the investigation. The final IIT report recommended that the design-basis threat, as defined by NRC, be reevaluated. At the time the event occurred, the utilities were not required to protect against the threat of an individual driving an explosives-laden vehicle into the protected area. Subsequent to this event, the Commission adopted a recommendation for such protection.

INVESTIGATIVE STATISTICS

ALLEGATIONS

Source	Number
NRC employee	19
NRC management	62
Congress	3
Other Government agencies	12
Intervenor	34
General public	64
Media	1
OIG investigation or audit	0
Contractor	1
Regulated industry (licensee/utility)	25
Anonymous	39
Total	260*

*Of the 260 allegations, 45 resulted from hotline calls.

Allegations	Number
Carried forward from previous period	0
Received during this period	260
Total	260

Disposition	Number
Closed administratively	37
Referred for OIG investigation or inspection	128
Referred for OIG audit	3
Referred to NRC management and staff	77
Referred to external agency	15
Pending review or action	0
Total	260

INVESTIGATIONS

Status of Investigations	Number
Pending DOJ action	5
DOJ declinations	5
Indictments and arrests	0
Convictions	1
PFCRA referrals	1
PFCRA recovery	$4,500

NRC ADMINISTRATIVE ACTIONS

Status of NRC Actions	Number
Terminations and resignations	6
Suspensions and demotions	2
Other administrative actions	18
Total	26

Classification of Investigations	Carryover	Opened	Closed	In Progress
A - Conflict of Interest	6	8	5	9
B - Internal Fraud	3	4	4	3
C - External Fraud	10	9	10	9
D - False Statements	1	0	1	0
E - Theft	0	0	0	0
F - Misuse of Government Property	0	2	2	0
G - Employee Misconduct	6	8	6	8
H - Management Misconduct	21	15	15	21
I - Technical Allegations	4	3	4	3
- Other	—	—	—	—
Total	51	49	47	53

REGULATORY REVIEW

As a result of the National Performance Review, the Administration has envisioned a changed role for Inspectors General-- one that places more emphasis on working with management to design good programs and prevent problems, and one in which the IG's are innovators who question agency rules and procedures and explore new methodologies for making agency programs work. This new vision, in combination with the IG's statutory responsibility to review existing and proposed agency legislation and regulations, has led the OIG to begin looking at NRC regulations and directives in a new way.

During this reporting period, OIG reviewed more than 15 bills introduced in Congress, over 40 proposed regulations, and more than 45 Commission papers, proposed management directives, and proposed other regulatory or policy initiatives originating within NRC offices. OIG attempted to view each of these documents in relation to the agency's mission and to analyze whether the initiative would help or hinder the agency's regulatory mission. OIG comments on noteworthy issues are summarized below.

Regulatory Review Group

The Regulatory Review Group (RRG), established by the EDO on January 4, 1993, culminated its work in August with a five-volume study of power reactor regulations and related processes, programs, and practices. The OIG reviewed the draft of the study's major recommendation, pertaining to licensee control over plant safety plans, including emergency response preparedness and fire protection. In brief, the revision would, in some instances, permit licensees to make changes to their required plans without prior NRC approval.

The draft revision would also redefine the term "commitment" in relation to conditions agreed to by licensees. The OIG suggested that the new definition should not include undefined terms. The staff removed the undefined terms from the final report that was provided to the Commission. Although the RRG has concluded its work, the OIG will monitor any further revisions to major agency regulations and related processes.

Medical Misadministration Issues

On March 31, 1993, OIG notified the Office of Nuclear Material Safety and Safeguards (NMSS) that OIG auditors reviewing NRC's management of the medical license program had identified two potential weaknesses in licensees' annual Quality Management Program Review. The existing regulation and guidance failed to define sample size of patient administrations that the licensee is expected to review, and if a misadministration is identified, there was no guidance on additional sampling to determine the extent of the problem. The staff has included proposed

changes to the NRC Regulatory Guide 8.33, "Quality Management Program," as part of the Staff Management Plan for NRC's Medical Use Regulatory Program.

As a result of an incident reported to the agency on July 19, 1993, OIG learned that nuclear medical technologists at Ball Memorial Hospital, Muncie, Indiana, had apparently systematically overdosed patients with radiopharmaceuticals since at least 1988, and had allegedly falsified patient records to cover up the unauthorized increased dosages. The intentional unauthorized increased dosages did not constitute regulatory "misadministrations" under 10 CFR Part 35.2 because they were within regulatory limits.

On August 19, 1993, OIG notified the Commission that the definition of "misadministration" should be revised to clearly establish that "reportable incidents" include those involving intentional misadministrations, no matter what the dosage amounts, and include the concurrent falsification of records and logs that may not be within the regulatory requirements. The agency responded that current regulations might be adequate to cover the problem, however, if serious regulatory breaches become apparent after the conclusion of their investigation at Ball Memorial Hospital, rulemaking may be undertaken to correct the problem.

NRC Medical Consultants

The OIG reviewed NRC's proposed revision of Manual Chapter 1360, "Use of Physician and Scientific Consultants in the Medical Consultant Program." In an April 28, 1993, memorandum to the Director, Division of Industrial and Medical Nuclear Safety, NMSS, OIG commented that the proposed revision should include specific provisions ensuring the consultants' independence and avoidance of conflicts of interest and set forth the ethical standards binding on consultants. In addition, OIG noted that the draft revision allowed NRC consultants to recommend other experts, which could compromise their objectivity and create the appearance of conflict of interest.

On August 11, 1993, OIG commented on a proposed memorandum from the EDO proposing guidance to NRC employees on recommending third-party assistance to licensees. This matter was first raised in OIG Report 91-72A wherein OIG questioned whether such recommendations comported with Federal ethical standards. The guidance proposed a compromise position whereby each region would promulgate standards. OIG suggested that there should be a uniform agency standard and that this standard should be reviewed and approved by the Office of Government Ethics to ensure that it met with Federal guidance.

The agency determined to use Field Policy Manual No. 19 as the agency guidance to ensure agency-wide procedure in this area, and assured OIG that the Office of Government Ethics had been consulted prior to issuance of the guidance.

Other Management Directive Reviews

On June 25, 1993, OIG commented on a draft Commission paper proposing policy guidance and revisions to Management Directive 8.3, regarding the creation and conduct of Incident Investigation Groups. These groups would be convened in response to events of extraordinary safety significance posing significant hazards to public health and safety and involving high media or Congressional interest.

The OIG noted that the IG should be invited to participate in such groups, but only as an observer. In addition, OIG recommended that the convening process include procedures to ensure the independence and objectivity of all group members, especially because of the anticipated numbers of non-NRC public and industry participants. The revised proposed management directive included OIG's major comments. The agency agreed that procedures to ensure independence would be included in subsequent guidance.

The OIG provided followup comments to Management Directive 1.1, "NRC Management Directives System." These comments recommended specific additional direction that should be included in the directive to enable the agency to obtain relevant and timely review of proposed management directives by the Office of General Counsel. OIG recommended that the directive should provide a focus for review, a time period for the review process, and a procedure to resolve objections to draft directives.

The OIG provided extensive comments in a memorandum of August 12, 1993, concerning draft Management Directive 7.3, "Participation in Outside Professional and Technical Organizations." OIG's major concern was that the directive failed adequately to distinguish among the forms of participation in outside organizations in order to provide agency employees with clear guidance regarding legal and illegal participation. The draft directive is currently being revised.

Proposed Department of Justice Regulation

The OIG was asked by the President's Council on Integrity and Efficiency (PCIE) to comment on a proposed DOJ regulation concerning communications with "represented persons." This regulation proposed to create clear guidance for DOJ attorneys regarding communications with witnesses and others who were represented by counsel. The proposed regulation covered only DOJ attorneys, and would not have affected IG investigators working under a DOJ attorney in the course of an investigation. Nevertheless, OIG raised the concern that because the rule may serve as an informal standard for all Government attorneys and investigators, the DOJ should consider providing specific guidance on related issues of concern to the IG community, such as the right to counsel in administrative investigations.

OTHER ACTIVITIES

During this reporting period, the OIG engaged in several activities to strengthen its audit and investigative programs. Brief summaries of these activities follow.

PCIE Management Forum

In July, the OIG legal counsel participated in a PCIE Management Forum presented by the Council of Counsels to Inspectors General. The panel consisted of four attorneys from OIGs at the U.S. Department of Housing and Urban Development (HUD), the U.S. Office of Personnel Management (OPM), the Agency for International Development (AID), and NRC.

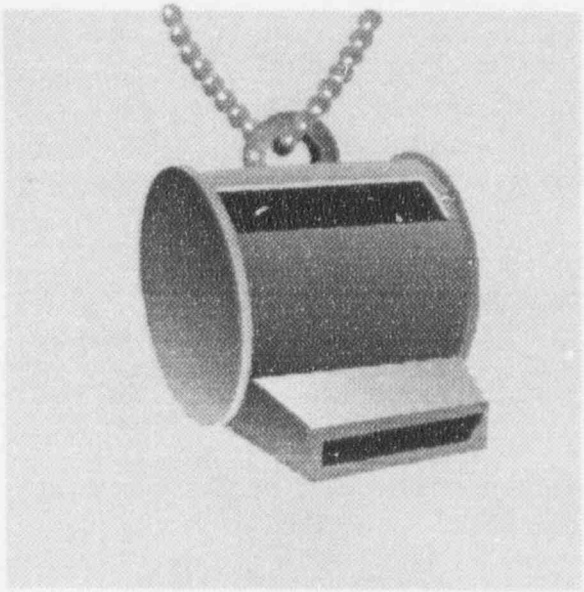
Pictured from left to right: Jerry Hutton (OPM), Ronnie Wainwright (HUD), Sandy Keith (NRC), and Bob Perkins (AID).

The NRC's OIG counsel discussed the Inspector General's (IG) reaction to the surprising April 1993 decision of the Federal Labor Relations Authority (FLRA) in National Treasury Employees Union and the Nuclear Regulatory Commission. In the NRC case, the FLRA held that because IG agents are NRC employees and subject to the agency's obligations under the Federal labor-management statute, the agency must negotiate with its union about OIG investigations.

Many OIGs believe that the case was wrongly decided and could negatively impact upon IG's independence. More than 30 OIGs submitted documentation supporting appeal of the FLRA's decision. The Solicitor General of the United States agreed to appeal on behalf of the NRC and filed a brief for the agency in the 4th Circuit Court of Appeals in August 1993.

SPECIAL FEATURE

NRC's Whistleblower Protection Program



The NRC has responsibility for regulating the operation of nuclear power plants and the activities of nuclear materials licensees to protect public health and safety. Although the NRC inspects and audits these licensees, the magnitude of licensed activities is so extensive that NRC can inspect only a fraction of them. Therefore, the NRC relies, in part, on licensee and contractor employees to report safety concerns to both the licensee and to the NRC. Essentially, employees must feel free to report concerns to their management or to the NRC without fear of reprisal. If employees are subject to retaliation for reporting safety concerns to licensee management or to the NRC, there can be serious consequences.

In 1978, Section 210 was added to the Energy Reorganization Act of 1974. This statute stated that no NRC licensee, licensee contractor, or subcontractor could discharge or otherwise discriminate against employees with respect to the terms and conditions of their employment because the employees participated in protected activity. Employees who alleged a violation under Section 210 could file a complaint with the Department of Labor (DOL). The DOL judgment could include an order to rehire the employee; give back pay to the employee; promote the employee; and pay the employee's legal fees.

In 1982, the NRC added new Employee Protection Sections to Title 10, Code of Federal Regulations. These new rules adopted the basic statutory prohibition of retaliatory discrimination addressed in Section 210. These regulations further defined the protected activities related to reporting information to the Commission about violations of NRC requirements that could affect the public health and safety. If the NRC determined through its own investigation, or as a result of the DOL finding, that a licensee had committed a violation, the NRC could take enforcement action, which could include denying, revoking, or suspending a license or imposing a civil penalty.

The NRC's authority was further extended in 1992, when the Commission amended its regulations to make applicable the existing criminal penalty provisions of the Atomic Energy Act of 1954, as amended. These provisions make it illegal to willfully violate the Commission's

regulations regarding retaliation. The NRC's Office of Investigations and OIG both have recently referred cases to DOJ for prosecution consideration under these provisions.

In July 1993, the NRC OIG completed an inspection of the NRC response to whistleblower retaliation complaints. The inspection was initiated in response to allegations received by OIG and the staff of Senator Joseph I. Lieberman related to the inadequacy of Government efforts and procedures to sufficiently protect whistleblowers from retaliation. The inspection determined that the NRC process for handling allegations of retaliation does not provide an adequate level of protection for whistleblowers. As a result of the OIG findings, the Senate Subcommittee on Clean Air and the Environment, chaired by Senator Lieberman, held hearings on this subject matter in July 1993.

The inspection findings and the congressional hearings led the NRC to establish a Special Review Team for Reassessment of the NRC Program for Protecting Allegers Against Retaliation. As part of its work, the team will seek the views of licensees, their employees, and other concerned individuals, including those who have made safety allegations under NRC's whistleblower protection program. When work is concluded, the team will report its findings to the Commission. Concurrent with this effort, the OIG initiated an audit/inspection to review the handling and documentation of past complaints to evaluate further the performance of the process to date.

APPENDICES

AUDIT LISTINGS

Internal Program Audit Reports

Date	Title	Number
06/22/93	Review of Imprest Funds	OIG/93A-18
06/29/93	Results of the Audit of NRC's Fiscal Year 1992 Financial Statements	OIG/93A-12
07/15/93	NRC's Compliance With the Anti-Lobbying Act; Section 319 of Public Law 101-121	OIG/93A-21
08/02/93	Review of NRC's System to Follow Up on Audit Recommendations	OIG/93A-08
08/03/93	Review of NRC's Reactor Restart Process	OIG/93A-09
08/30/93	Results of Nuclear Safety Related Information Systems User Satisfaction Survey	OIG/93A-10
09/07/93	NRC's Management of Misadministration Information Is Inadequate	OIG/93A-14

APPENDICES

AUDIT LISTINGS

Contract Audit Reports

OIG Issue Date	Contractor	Questioned Costs (Dollars)	Funds Put to Better Use (Dollars)
04/01/93	Science & Engineering Associates, Inc. RS-NRR-93-026		0
04/02/93	AECL Technologies RS-NRR-93-026		0
04/05/93	KENROB & Associates, Inc. RS-ADM-92-316		0
04/09/93	Irving Burton Associates NRC-10-87-355	0	
04/13/93	Energy Research, Inc. NRC-04-92-046; NRC-04-92-045	0	
04/20/93	Battelle Memorial Institute NRC-04-84-113	0	
04/22/93	Reinhart & Associates, Inc. RS-NRR-93-026		0
04/22/92	Pennsylvania State University RS-RES-93-049		0
04/30/93	Materials Engineering Associates, Inc. NRC-04-88-072 OIG/93A-15	112,458	
04/30/93	Idaho State University RS-RES-93-049 OIG/93A-19		0

Contract Audit Reports (continued)

OIG Issue Date	Contractor	Questioned Costs (Dollars)	Funds Put to Better Use (Dollars)
05/03/93	Columbia University RS-RES-93-049		0
05/06/93	Smithsonian Institution NRC-02-86-006	0	
05/06/93	TLG Engineering, Inc. NRC-04-83-003	45,573	
05/06/93	Computer Data Systems, Inc. NRC-10-83-332	0	
05/06/93	Sonalysts Corp. NRC-26-87-418	0	
05/07/93	Sumitomo Heavy Industries RS-RES-92-079		452,704
05/07/93	Anstec, Inc. RS-IRM-92-192		0
05/14/93	Roy F. Weston, Inc. NRC-26-87-419	0	
05/14/93	J. Stewart Bland Associates, Inc. RS-RES-93-050		0
05/20/93	Purdue Research Foundation RS-RES-93-049		0
05/24/93	KRW, Inc. RS-IRM-92-192		0

Contract Audit Reports (continued)

OIG Issue Date	Contractor	Questioned Costs (Dollars)	Funds Put to Better Use (Dollars)
05/24/93	Statistica, Inc. (Subcontractor to Anstec, Inc.) RS-IRM-92-192		0
05/24/93	User Technology Associates, Inc. RS-IRM-92-192		0
05/25/93	United Engineering & Constructors, Inc. No Specific Contract		0
05/25/93	Nuclear Engineers and Consultants RS-RES-93-050		0
05/25/93	Network Solutions, Inc. RS-IRM-93-186		0
05/28/93	Materials Engineering Associates, Inc. NRC-04-84-102 OIG/93A-17	0	
06/03/93	Advanced Systems Technology, Inc. NRC-04-87-080	0	
06/04/93	Phoenix Associates, Subcontractor to Comex NRC-05-86-170	0	
06/07/93	University of California/Berkeley RS-RES-93-049		0
06/07/93	Core Corporation RS-NRR-93-034		0
06/09/93	University of Maryland RS-RES-93-049 OIG/93A-20		0

Contract Audit Reports (continued)

OIG Issue Date	Contractor	Questioned Costs (Dollars)	Funds Put to Better Use (Dollars)
06/09/93	Viking Systems, Inc. NRC-03-87-0280	0	
6/10/93	M-Cubed Information Systems RS-IRM-93-196		27,616
06/15/93	Energy Research, Inc. RS-RES-93-064 OIG/93A-22		0
06/22/93	HFSI RS-ADM-93-133		4,836
06/25/93	Materials Engineering Associates, Inc. NRC-04-88-072 OIG/93A-23	0	
06/28/93	Energy Research, Inc. RS-RES-93-047		0
06/30/93	Merex, Inc. RS-NRR-93-034		0
07/02/93	Mitre Corp. NRC-04-87-399	0	
07/12/93	TG Bauer Associates, Inc. RS-NRR-93-034		89,275
07/12/93	REMAC Information Corp. (Subcontractor to KRW, Inc.) RS-IRM-92-192		0
07/21/93	Technology Applications, Inc. No Specific Contract	0	

Contract Audit Reports (continued)

OIG Issue Date	Contractor	Questioned Costs (Dollars)	Funds Put to Better Use (Dollars)
07/22/93	Pennsylvania State University NRC-04-85-113-04	0	
07/22/93	Battelle Columbus Laboratories NRC-04-81-178	0	
08/10/93	Materials Engineering Associates, Inc. NRC-04-88-072; NRC-04-84-102	0	
08/11/93	National Academy of Sciences No Specific Contract	0	
08/11/93	Athey Consulting RS-AED-93-289		0
08/11/93	Athey Consulting RS-AED-93-289		0
08/11/93	Science Applications International Corp. NRC-02-83-035	0	
08/26/93	Athey Consulting RS-AED-93-289		44,542

ABBREVIATIONS

AEOD	NRC's Office for Analysis and Evaluation of Operational Data
AFO	Audit Followup Official
AID	Agency for International Development
BECo	Boston Edison Company
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CNWRA	Center for Nuclear Waste Regulatory Analyses
CURE	Citizens Urging Responsible Energy
DCAA	Defense Contract Audit Agency
DOE	U.S. Department of Energy
DOL	U.S. Department of Labor
DOJ	U.S. Department of Justice
EDO	Executive Director for Operations
FEMA	Federal Emergency Management Agency
FLRA	Federal Labor Relations Authority
FMFIA	Federal Managers' Financial Integrity Act
FP&L	Florida Power and Light
FY	Fiscal Year
HDR	High Dose Rate

Abbreviations (continued)

HUD	U.S. Department of Housing and Urban Development
IG	Inspector General
IIT	Incident Investigation Team
IRM	NRC's Office of Information Resources Management
NMSS	NRC's Office of Nuclear Material Safety and Safeguards
NRC	U.S. Nuclear Regulatory Commission
OIG	NRC's Office of the Inspector General
OMB	U.S. Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSC	Oncology Services Corporation
PCIE	President's Council on Integrity and Efficiency
PFCRA	Program Fraud Civil Remedies Act
PNPS	Pilgrim Nuclear Power Station
RRG	Regulatory Review Group
RSO	Radiation Safety Officer

GLOSSARY

FINANCIAL AUDIT

A financial audit assesses the effectiveness of internal control systems, transaction processing, financial systems, and contracts.

FUNDS PUT TO BETTER USE

Funds identified in audit recommendations that could be used more efficiently by avoiding unnecessary expenses.

HOTLINE

A toll-free telephone number (**1-800-233-3497**) available to anyone for reporting incidents of possible fraud, waste, and abuse to the NRC's Office of the Inspector General.

MANAGEMENT DECISION

A final decision based on management's response to audit recommendations and findings.

MATERIAL WEAKNESS

A specific instance of noncompliance with the FMFIA of sufficient importance to be reported to the President and the Congress. A weakness that would significantly impair the fulfillment of an agencys component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest.

MEDICAL MISADMINISTRATION

A medical misadministration, in its simplest terms, is an overdose, underdose, or unintended dose of radiation to a patient that exceeds NRC's regulatory criteria.

PERFORMANCE AUDITS

An OIG audit that focuses on NRC's administrative and program operations and evaluates how managerial responsibilities are carried out.

QUESTIONED COST

A cost questioned as a result of an alleged violation of law, regulation, contract, or agreement governing the expenditure of funds (costs unsupported by adequate documentation or funds for a particular purpose that are unnecessary or unreasonable).

How to Contact the Office of the Inspector General

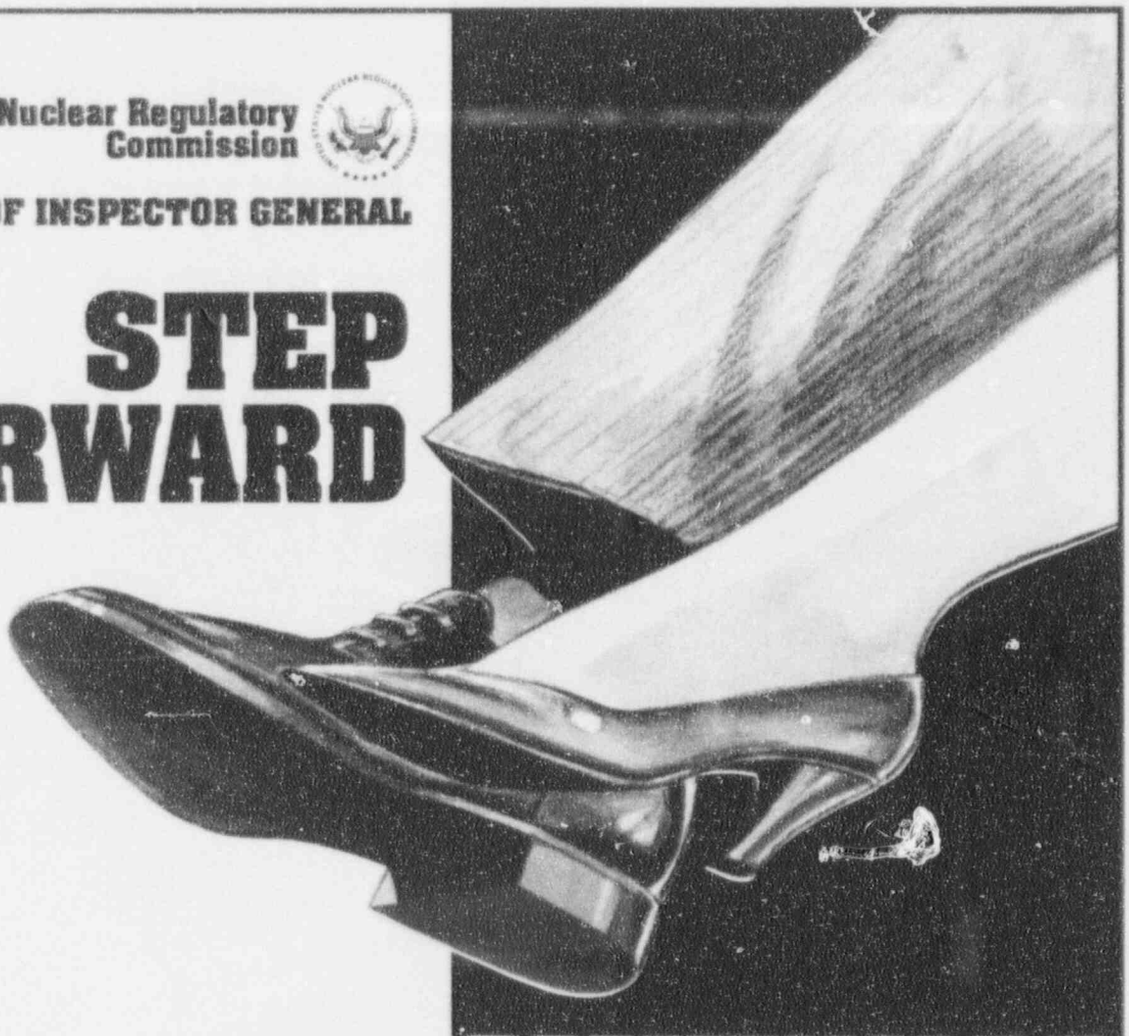
For additional copies of this report, phone (301)492-9093, or write to the address below:

U.S. Nuclear Regulatory Commission
Office of the Inspector General
Mail Stop EWW 542
Washington, D.C. 20555

U.S. Nuclear Regulatory Commission

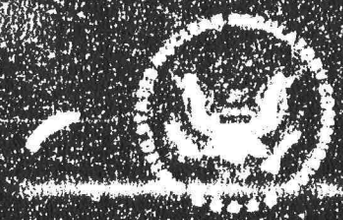
OFFICE OF INSPECTOR GENERAL

STEP FORWARD



TO REPORT FRAUD, WASTE AND ABUSE!

HOTLINE:
1-800-233-3497



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