



CHAIRMAN

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

December 31, 1990

The Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

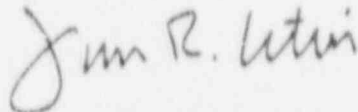
The Nuclear Regulatory Commission (NRC) evaluated its system of management controls over program and administrative areas in effect during FY 1990 as required by the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and Office of Management and Budget (OMB) Circular A-123, "Internal Control Systems." The evaluation was conducted in accordance with "Guidelines for the Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government" issued by the Director of OMB in consultation with the Comptroller General.

NRC program managers performed 11 detailed internal control reviews in FY 1990. The reviews emphasized technical program areas, including the review of reactor license renewal applications, emergency preparedness licensing and assessment, safety evaluation of licensing actions, and fuel facility and spent fuel storage licensing. Research program reviews included reactor containment safety, regulation development and improvement, and aging of reactor components. The staff also reviewed selected administrative and support areas, such as budget and analysis, the Federal court litigation function, public affairs, and the Federal Women's Program. Two detailed evaluations of agency financial management systems were performed in accordance with OMB "Guidelines for Evaluating Financial Management Accounting Systems" of May 1985, as required by OMB Circular A-127, "Financial Management Systems."

In addition to the reviews conducted under the agency's management control plan, the staff completed an evaluation of measures used to ensure quality in agency operations and a survey of the nuclear industry's and the NRC staff's perceptions of the effect of NRC activities on the safe operation of nuclear power plants. The purpose of the survey was to assist the agency in determining whether its regulatory program requires modification. The NRC also initiated an agency-wide management control review of the use of program support funds, which constitute about 33 percent of NRC's FY 1990 budget, and a program to conduct comprehensive evaluations of selected financial management systems.

The results of our continuing evaluation are provided in the enclosed report. The Commission believes the evaluation provides reasonable assurance that the NRC, as a whole, complies with Sections 2 and 4 of the FMFIA.

Sincerely,



James R. Curtiss
Acting Chairman

Enclosures:

- A. Statistical Summary of Performance
- B. Review Process
- C. Progress Report on High Risk Areas
- D. Material Weaknesses/ Corrective Actions
- E. Material Non-conformances/ Corrective Actions