



December 14, 2021

MEMORANDUM TO: Daniel H. Dorman
Executive Director for Operations

FROM: Eric Rivera */RA/*
Acting Assistant Inspector General for Audit

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY
COMMISSION'S MATERIAL CONTROL AND
ACCOUNTING PROGRAM FOR SPECIAL NUCLEAR
MATERIAL (OIG-21-A-04)

REFERENCE: STAFF RESPONSE TO THE OFFICE OF INSPECTOR
GENERAL'S AUDIT OF THE U.S. NUCLEAR
REGULATORY COMMISSION'S MATERIAL CONTROL
AND ACCOUNTING PROGRAM FOR SPECIAL NUCLEAR
MATERIAL (OIG-21-A-04) DATED OCTOBER 29, 2021

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendation as discussed in the agency's response dated **October 29, 2021**. Based on this response, recommendations one, two, and three are open and resolved. Please provide an updated status of the resolved recommendations by **May 27, 2021**.

If you have any questions or concerns, please call me at (301) 415-5915, or Mike Blair, Team Leader, at (301) 415-8399.

Attachment: As stated

cc: J. Jolicoeur, OEDO
S. Miotla, OEDO
RidsEdoMailCenter Resource
OIG Liaison Resource
EDO_ACS Distribution

Audit Report
**AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MATERIAL CONTROL
AND ACCOUNTING PROGRAM FOR SPECIAL NUCLEAR MATERIAL**

(OIG-21-A-04)

Status of Recommendations

Recommendation 1: Develop and implement enhancements to the existing MC&A communications process to sustain recurring communications between headquarters Material Control and Accounting Branch (MCAB) and Region II Division of Fuel Facilities Inspection (DFFI).

Agency Response:
Dated October 29, 2021 The MC&A Community of Practice group met on June 21, 2021, including staff from MCAB and DFFI. The discussions covered results from recent MC&A inspections, upcoming inspections, and expected new fuel facility license applications and amendments. Further quarterly meetings are planned. Additional communication and collaboration between DFFI and MCAB continue in the development of the MC&A inspection procedures for Category II facilities: updates to Inspection Manual Chapter (IMC) 2600, Appendix B (MC&A Observation Frequencies and Resource Estimates), and revisions to IMC 1247, Appendix C5 (Fuel Facility Material Control and Accounting Inspector Technical Proficiency Training and Qualification Journal). These ongoing activities help to further promote and sustain communications between headquarters MCAB and Region II DFFI staff.

Point of Contact: Eric Michel, RII/DFFI

OIG Analysis: The proposed actions continue to meet the intent of the recommendation. This recommendation will be closed when the OIG reviews the updated IMC 2600 Appendix B, IMC 1247 and inspection procedure revisions as noted by the agency above.

Status: Open: Resolved.

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(OIG-21-A-04)

Status of Recommendations

Recommendation 2: Develop and implement a strategy to get staff qualified for MC&A in a timely fashion.

Agency Response
Dated October 29, 2021: The MCAB and DFFI continue to work together in the review and revision of IMC 1247, Appendix C5, the MC&A Inspector Training and Qualification Journal. As discussed in the staff response to this recommendation, this revision includes pursuing alternative means for inspectors to complete some courses at the Department of Energy (DOE) on National Training Center (NTC) that have had limited availability in recent times. Staff is developing internal training material, based on the DOE NTC course content, on specific topics needed for qualification. This is expected to be implemented in the second quarter of Fiscal Year 2022. As the preparation of this alternate training and revision of IMC 1247 has taken longer than originally anticipated, staff has revised the target date for completing review of IMC 1247 and development of qualification strategy to January 31, 2022.

Point of Contact: Eric Michel, RII/DFFI

OIG Analysis: The proposed actions continue to meet the intent of the recommendation. This recommendation will be closed upon the OIG's review of the revised IMC 1247, as well as the status of alternate training and updates to available training schedules as stated by the agency above.

Status: Open: Resolved.

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(OIG-21-A-04)

Status of Recommendations

Recommendation 3: Review and update the MC&A inspector qualification program guidance to include a strategy to address emergent MC&A inspection program needs.

Agency Response
dated October 29, 2021: As noted in the previous response, staff is revising the Training and Qualification Journal to better reflect current training needs and availability. DFFI also continues to qualify three additional inspectors and maintain the proficiency of three resources outside of the division. To note: the recent implementation of the Smarter Inspection Program for fuel cycle facilities has reduced the overall resource demands for MC&A. Specifically, Category III fuel facilities and the Gas Centrifuge inspection frequency (four of six facilities) was reduced from annual to biennial, and Category I (two of six facilities) overall hours were reduced slightly. The current staff of inspectors is sufficient to cover these needs. As noted in the previous response, staff has revised the target date for completing review of IMC 1247 and development of qualification strategy to January 31, 2022.

Point of Contact: Eric Michel, RII/DFFI

OIG Analysis: The proposed actions meet the intent of the recommendation. This recommendation will be closed upon the OIG's review of the revised IMC 1247 to include a strategy to address emergent MC&A inspection program needs.

Status: Open: Resolved.