



April 11, 2022

MEMORANDUM TO: Daniel H. Dorman
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: OFFICE OF THE
INSPECTOR GENERAL'S AUDIT OF THE U.S. NUCLEAR
REGULATORY COMMISSION'S OVERSIGHT OF THE
ADEQUACY OF DECOMMISSIONING TRUST FUNDS
(OIG-21-A-14)

REFERENCE: DIRECTOR FOR THE OFFICE OF NUCLEAR MATERIAL
SAFETY AND SAFEGUARDS, MEMORANDUM DATED
FEBRUARY 25, 2022

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated February 25, 2022. Based on this response, recommendation three is closed. Recommendations one, two, and four remain open and resolved. Please provide a status update for the open and resolved recommendations by **September 30, 2022**.

If you have questions or concerns, please call me at (301) 415-5915 or Paul Rades, Team Leader, at (301) 415-6228.

Attachment: As stated

CC: S. Miotla, OEDO
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Audit Report

AUDIT OF THE NRC's OVERSIGHT OF THE ADEQUACY OF DECOMMISSIONING TRUST FUNDS

(OIG-21-A-14)

Status of Recommendations

Recommendation 1: Improve process controls to ensure all annual reviews of decommissioning status reports are complete and have undergone the review process.

Agency Response Dated
February 25, 2022:

The staff continues to improve the tracking of decommissioning status reports review under the actions for Recommendation 3. To further enhance the quality and consistency of status report review, the staff is revising its training program for Financial Assurance Branch (FAB) analysts, detailed in LIC-205, to emphasize roles, responsibilities, and review processes related to the Decommissioning Funding Status (DFS) review program for both operating reactors and reactors in decommissioning. In accordance with LIC-205, a qualified lead analyst will provide training annually to all analysts involved with the DFS report review. The first revised training is expected to occur in early April 2022, prior to the commencement of 2023 review cycle for reactors in decommissioning. The draft LIC-205 revision is currently in the review and concurrence process.

Estimated LIC-205 Publication Date: March 31, 2022.

Point of contact: Shawn Harwell, Office of Nuclear Material Safety and Safeguards (NMSS).

OIG Analysis: The proposed actions meet the intent of this recommendation. The OIG will close this recommendation upon reviewing the implemented process controls for the annual review of decommissioning status reports and the training program for the Financial Assurance Branch analysts. On April 6, 2022, the OIG contacted staff to confirm whether LIC-205 was updated. Staff stated they are still working through the final review and concurrence process. Therefore, this recommendation remains open and resolved.

Status: Open: Resolved.

Audit Report

AUDIT OF THE NRC's OVERSIGHT OF THE ADEQUACY OF DECOMMISSIONING TRUST FUNDS

(OIG-21-A-14)

Status of Recommendations

Recommendation 2:

Update LIC-205 to clarify DFS report reviewer roles and responsibilities, procedures for closeout letters, and procedures for tracking DFS report analyses.

Agency Response Dated
February 25, 2022:

The staff continues to address several process improvements with this LIC-205 update. As discussed in the response to Recommendation 1, the staff is updating LIC-205 to provide more detail on the roles and responsibilities of each position involved with the DFS review process and enhance the annual training program for FAB analysts involved with the review. Additionally, the staff is adding detailed procedures for drafting and issuing closeout letters to licensees at the conclusion of the review cycle. Finally, the staff is revising procedures for cataloging and tracking documentation related to individual licensees DFS report submittals and reviews for each DFS report review cycle in the FAB SharePoint site, as discussed in Recommendation 3. The draft LIC-205 revision is currently in the review and concurrence process.

Estimated LIC-205 Publication Date: March 31, 2022.

Point of contact: Shawn Harwell, NMSS.

OIG Analysis:

The proposed actions meet the intent of this recommendation. The OIG will close this recommendation upon reviewing the updates to LIC-205, clarifying DFS report reviewer roles and responsibilities, procedures for closeout letters, and tracking DFS report analyses. On April 6, 2022, the OIG contacted staff to confirm whether LIC-205 was updated. Staff stated they are still working through the final review and concurrence process. Therefore, this recommendation remains open and resolved.

Status:

Open: Resolved.

Audit Report

AUDIT OF THE NRC's OVERSIGHT OF THE ADEQUACY OF DECOMMISSIONING TRUST FUNDS

(OIG-21-A-14)

Status of Recommendations

Recommendation 3:

Implement a central tracking mechanism to track the status of the annual DFS report analyses.

Agency Response Dated
February 25, 2022:

To address Recommendation 3, the staff has enhanced its current DFS report review tracking capability on the FAB SharePoint site. Specifically, the staff has developed a page specific to the annual DFS review for reactors in decommissioning that includes fields, with Agencywide Documents Access and Management System links, as applicable, to track licensee initial and supporting documents, staff-generated documents, and review status for individual licensees for each DFS review cycle. The staff will ensure that access to the SharePoint page will be available to appropriate internal stakeholders, upon request. As discussed in Recommendation 2, the staff is updating LIC-205 to make certain that the assigned analysts update SharePoint, as necessary, to ensure that the information is up to date.

SharePoint Development: Complete.

Point of contact: Shawn Harwell, NMSS.

OIG Analysis:

The OIG reviewed the tracking system on the FAB SharePoint site to track the status of annual DFS report analyses. This recommendation is closed.

Status:

Closed.

Audit Report

AUDIT OF THE NRC's OVERSIGHT OF THE ADEQUACY OF DECOMMISSIONING TRUST FUNDS

(OIG-21-A-14)

Status of Recommendations

Recommendation 4:

Periodically assess, through communication with cognizant regulators or by other means, trustee compliance with the master trust fund agreements in accordance with investment restrictions in Title 10 Code of Federal Regulations 50.75.

Agency Response Dated
February 25, 2022:

The staff continues to research which cognizant regulators the staff should engage to evaluate options for ensuring periodic assessment of trustee compliance with master trust fund restrictions as reflected in the regulations. The staff has had the opportunity to informally engage with a variety of other parties, mainly third-party firms that invest monies for the decommissioning trust funds, to gain insight on their processes as they relate to communicating with regulators and compliance with investment restrictions within master trust agreements. Once the staff has determined the most efficient and effective way to assess investment compliance, the staff will develop and implement appropriate protocols and procedures.

The staff will complete this action by July 31, 2023.

Point of contact: Richard Turtill, NMSS.

OIG Analysis:

The proposed actions meet the intent of this recommendation. The OIG will close this recommendation upon reviewing the options for ensuring periodic assessment of trustee compliance with the master trust fund restrictions in the regulations, as well as the protocols and procedures for implementation. This recommendation remains open and resolved.

Status:

Open: Resolved.