



June 16, 2022

**MEMORANDUM TO:** Daniel H. Dorman  
Executive Director for Operations

Marian L. Zobler  
General Counsel

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

**SUBJECT:** STATUS OF RECOMMENDATIONS: AUDIT OF THE NRC'S  
PROHIBITED SECURITY OWNERSHIP PROCESS  
(OIG-21-A-17)

**REFERENCE:** EXECUTIVE DIRECTOR FOR OPERATIONS AND  
GENERAL COUNSEL, MEMORANDUM DATED  
MAY 27, 2022

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated May 27, 2022. Based on this response, recommendations 1 through 3 and 5 from this report are now closed. Recommendations 4 and 6 are open and resolved. Please provide an updated status of the open and resolved recommendations by September 12, 2022.

If you have any questions or concerns, please call me at (301) 415-5915 or Vicki Foster, Team Leader, at (301) 415-5909.

Attachment: As stated

cc: M. Bailey, OEDO  
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## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 1: Clarify roles and responsibilities for completion, tracking, and retention of security ownership forms.

Agency Response  
Dated May 27, 2022:

The revised and updated OCHCO Desk Guide clarifies the roles and responsibilities for completion, tracking, and retention of security ownership forms. OGC and OCHCO aligned on the updated and revised Desk Guide to ensure clarity on roles and responsibilities, and retention requirements. The document has been finalized.

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

OIG Analysis: The OIG reviewed the revised and updated OCHCO Desk Guide that clarifies the roles and responsibilities for completion, tracking, and retention of security ownership forms. Therefore, this recommendation is now closed.

**Status:** Closed.

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 2: Develop and implement quality assurance measures for the prohibited securities process to ensure staff adherence to timeliness metrics and ethics guidance.

Agency Response  
Dated May 27, 2022:

Quarterly meetings between OGC and OCHCO have been established to engage in discussions ensuring that (1) security ownership certification forms are being distributed to and collected from new employees and provided to OGC Ethics, and (2) OGC is notified by OCHCO of existing employees moving into positions subject to the prohibited securities rule, and that the security ownership form has been provided to the employee by OCHCO. Meetings are scheduled for June 14, 2022; September 13, 2022; December 13, 2022; and March 14, 2023.

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

OIG Analysis: The OIG reviewed the process of engagement between OGC and OCHCO to ensure staff adhere to timeliness metrics and ethics guidance. Therefore, this recommendation is now closed.

**Status:** Closed.

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 3: Develop and implement quality assurance measures to ensure adequate monitoring of prohibited securities records including record retention and external audit capability.

Agency Response  
Dated May 27, 2022:

General Records Schedule (GRS) 2.8 (Employee Ethics Records) was added to the Program Management folder in the Ethics SharePoint site. An email to the ethics team was sent on December 23, 2021, alerting them to the location of the document and the records retention requirements. The records retention requirements in GRS 2.8 as well as GRS 2.6 (Employee Training Records) were also discussed in monthly ethics team meetings.

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

OIG Analysis: The OIG reviewed the internal documents detailing record retention requirements. Therefore, this recommendation is now closed.

**Status:** Closed.

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 4:

Revise MD 7.7, Security Ownership, to include roles and responsibilities clarifications, and remove inconsistencies and outdated information.

Agency Response  
Dated May 27, 2022:

OGC has drafted an update to MD 7.7 to include clarifications to roles and responsibilities, and to remove inconsistencies and outdated information. The next step in the MD revision process is to share the revised MD with partner offices for review and comment. Once comments are received and dispositioned, the final MD will be signed by the General Counsel and forwarded to the appropriate division within the Office of Administration for publication. MD 7.7 was sent out for interoffice comment on May 31, 2022, with comments requested by June 30, 2022.

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

OIG Analysis:

The proposed actions meet the intent of the recommendation. The OIG will close this recommendation when the OIG reviews the updated MD 7.7, Security Ownership, and verifies the inclusion of roles and responsibilities clarification, and the removal of inconsistencies and outdated information. Therefore, this recommendation remains open and resolved.

**Status:**

Open: Resolved.

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 5: Develop, finalize, and implement the prohibited securities desk guide.

Agency Response  
Dated May 27, 2022:

OGC, in coordination with OCHCO, drafted a section for inclusion in the OCHCO Desk Guide to address roles and responsibilities of prohibited securities security ownership forms, consistent with the actions to be taken in response to Recommendation 1.

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

OIG Analysis: The OIG reviewed the final OCHCO Desk Guide and the implementation process. Therefore, this recommendation is now closed.

**Status:** Closed.

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 6:

Require all NRC employees to complete annual training on the prohibited securities process, including waiver and extension requests, and require covered employees to sign annual security ownership certification forms.

Agency Response  
Dated May 27, 2022:

OGC has developed an annual training module for all NRC employees on the Prohibited Securities Rule (including waivers and extension). This new training module explains what the NRC's Prohibited Securities Rule is and includes additional information such as (1) who is subject to the NRC's Prohibited Securities Rule, (2) what entities are on the NRC's Prohibited Securities list, (3) where to find the current Prohibited Securities list and the list of positions subject to the Prohibited Securities Rule, and (4) what to do if you obtain a prohibited security. The training module includes 5 questions, with the first question being an attestation that the employee understands that in their current position, they are either covered or not covered under the Prohibited Securities Rule, and that if they are covered, they understand their obligations under the Prohibited Securities Rule, including the obligation to review annual updates issued by the NRC. The training further requires employees to open documents containing the Prohibited Securities list and the list of positions subject to the Prohibited Securities Rule.

In order for the training to be assigned as required annual training, it must first be approved by the Human Capital Council (HCC). The form requesting HCC approval was sent to OCHCO on May 24, 2022.

Target Completion Date: June 30, 2022

Point of Contact: Carrie Safford, OGC  
Meghan Creedon, OGC

## **Audit Report**

### **AUDIT OF THE NRC'S PROHIBITED SECURITY OWNERSHIP PROCESS**

**OIG-21-A-17**

#### **Status of Recommendations**

Recommendation 6 (cont.):

**OIG Analysis:**

The proposed actions meet the intent of the recommendation. The OIG expects that the OGC will include a method to cross-check the Ethics Gateway after employees have fully completed the annual training to ensure that a covered employee's profile contains a signed security ownership certification form on file if the employee has been in a covered position for less than 6 years. Additionally, the OIG expects that the OGC will take the needed action to remove requirements for security ownership certification forms from the 5 CFR 5801.102, if adherence to the requirement of security ownership certification forms for covered employees cannot be effectively enforced or practiced.

The OIG will close this recommendation when the OIG reviews and verifies that the prohibited securities annual training content contains processes to ensure that NRC's records keeping system contains accurate covered employee profile information. Therefore, this recommendation is open and resolved.

**Status:**

Open: Resolved.