



MEMORANDUM

DATE: January 17, 2024

TO: Daniel H. Dorman
Executive Director for Operations

FROM: Hruta Virkar, CPA /RA/
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE
NUCLEAR REGULATORY COMMISSION'S OVERSIGHT
OF COUNTERFEIT, FRAUDULENT, AND SUSPECT ITEMS
AT NUCLEAR POWER REACTORS (OIG-22-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR REACTOR
REGULATION, MEMORANDUM DATED
DECEMBER 15, 2023

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated December 15, 2023. Based on this response, recommendation 7 is now closed. Recommendations 4 and 6 remain open and resolved. Recommendations 1, 2, 3, 5, and 8 were previously closed. Please provide an updated status of the open, resolved recommendations by May 31, 2024.

If you have any questions or concerns, please call me at 301.415.1982 or Avinash Jaigobind, Team Leader, at 301.415.5402.

Attachment:
As stated

cc: M. Bailey, ADO
T. Govan, Acting DADO
J. Jolicoeur, OEDO
OIG Liaison Resource
EDO ACS Distribution

Audit Report
AUDIT OF THE NUCLEAR REGULATORY COMMISSION'S OVERSIGHT OF
COUNTERFEIT, FRAUDULENT, AND SUSPECT ITEMS
AT NUCLEAR POWER REACTORS
Status of Recommendations
(OIG-22-A-06)

Recommendation 4: Clearly define CFSI.

Agency Response Dated
December 15, 2023:

The NRC will include the definition of CFSI in its updated inspection procedures and guidance, as identified in the response to recommendation 6, which references the documents and inspection guidance that have been or will be updated. The NRC staff will continue to work with the program offices to update the remaining documents.

Target Completion Date: April 2024

OIG Analysis:

The proposed actions meet the intent of this recommendation. The OIG will close this recommendation when the CFSI definition is incorporated into other guidance documents (e.g., regulatory guides and RIS), as identified in the agency's response to recommendation 6. This recommendation remains open and resolved.

Status: Open: Resolved.

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Recommendation 6: Develop inspection guidance with examples pertaining to identifying CFSI in inspection procedures.

Agency Response Dated
December 15, 2023:

The NRC staff has updated the following inspection procedures to incorporate appropriate CFSI guidance, including the agency's formal definition of CFSI:

- IP 60852, "ISFSI Component Fabrication by Outside Fabricators," dated August 17, 2023 (Agencywide Documents Access and Management System Accession No. ML23216A051)
- IP 60853, "Onsite Fabrication of Components and Construction of an Independent Spent Fuel Storage Installation," dated August 17, 2023 (ML23216A052)
- IP 86001, "Design, Fabrication, Testing, and Maintenance of Transportation Packagings," dated August 17, 2023 (ML23216A053)

The staff continues working with other program offices to update the following regulatory guides (RGs):

- RG 1.164, Revision 0, "Dedication of Commercial-Grade Items for Use in Nuclear Power Plants," issued June 2017 (ML17041A206)
- RG 1.234, Revision 0, "Evaluating Deviations and Reporting Defects and Noncompliance Under 10 CFR Part 21," issued April 2018 (ML17338A072)

The NRC has issued updates to these two RGs for public comment, and the agency anticipates resolving any comments received by the end of December 2023. Accounting for the Office of Management and Budget's review of the two RGs, the staff plans to issue these RGs by March 2024.

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Recommendation 6 (continued):

Following the update of these two RGs, the NRC will issue an administrative change to Regulatory Issue Summary (RIS) 2015-08, "Oversight of Counterfeit, Fraudulent, and Suspect Items in the Nuclear Industry," dated June 24, 2015 (ML15008A191), to reference the definition of CFSI in these two RGs. The staff anticipates completing this administrative change to RIS 2015-08 by April 2024.

Target Completion Date: April 2024

OIG Analysis:

The OIG reviewed and verified the incorporation of CFSI inspection guidance in the following IPs: IP 60852; IP 60853; and, IP 86001. The other proposed actions meet the intent of this recommendation. The OIG will close this recommendation upon reviewing the regulatory guides and administrative change to the RIS as identified in the staff's status update. This recommendation remains open and resolved.

Status:

Open: Resolved.

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Recommendation 7: Develop CFSI training for inspectors.

Agency Response Dated
December 15, 2023:

The staff has updated Inspection Manual Chapter (IMC) 1246, Appendix B2, "Training Requirements and Qualification Journal for Storage and Transportation Inspector," dated October 2, 2023 (ML23249A185), and IMC 1246, Appendix B3, "Training Requirements and Qualification Journal for Independent Spent Fuel Storage Installation Inspector" (ML23326A085), to include an individual study activity on the topic of CFSI.

The Electric Power Research Institute (EPRI) CFSI training is readily available to NRC inspectors with EPRI's online course, "Counterfeit, Fraudulent, and Suspect Items," Version 2.0.

Target Completion Date: Completed. The NRC staff has issued the remaining IMCs to include an individual study activity on the topic of CFSI and has made EPRI's CFSI training more accessible to inspectors.

OIG Analysis:

The OIG reviewed and verified the inclusion of an individual study activity on the topic of CFSI in the IMC 1246 Appendix B2 and IMC 1246 Appendix B3. Furthermore, the OIG confirmed that EPRI CFSI training is now available virtually and is easily accessible to NRC inspectors. The recommendation is now closed.

Status: Closed.