
U.S. Nuclear Regulatory Commission Office of the Inspector General



Fiscal Year 2003-2008 Strategic Plan

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U.S. Nuclear Regulatory Commission Office of the Inspector General Fiscal Year 2003-2008 Strategic Plan

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NRC-OIG Strategic Plan

FY 2003-2008

SECTION 1 - MISSION AND VISION

INTRODUCTION

This FY 2003-2008 Strategic Plan (Strategic Plan) presents the Nuclear Regulatory Commission (NRC) Office of the Inspector General (OIG) priorities for the covered timeframe. It describes our strategic direction to stakeholders, including the NRC Chairman and the U.S. Congress. From this perspective, it presents our results-based business case, explaining our return-on-investment.

It also strengthens the OIG by establishing a shared set of expectations regarding the goals we expect to achieve and the strategies that we will use to do so. We will adjust the plan as circumstances necessitate, use it to develop our annual plan and budget submission, report on progress in our semi-annual reports, and hold our managers and staff accountable for achieving the goals and outcomes.

NRC-OIG MISSION

The Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, as amended, established NRC's basic regulatory mission. NRC's mission is to regulate the Nation's civilian use of byproduct, source and special nuclear materials to ensure adequate protection for the public health and safety, promote the common defense and security, and protect the environment.

The American people expect excellence and accountability from their Government. Toward that end, the U.S. Congress passed the Inspector General (IG) Act in 1978 to ensure integrity and efficiency within the Federal Government and its programs. NRC's OIG was established as a statutory entity on April 15, 1989, in accordance with the 1988 amendment to the IG Act.

NRC-OIG's mission is to (1) independently and objectively conduct and supervise audits and investigations relating to NRC's programs and operations; (2) prevent and detect fraud, waste, and abuse, and (3) promote economy, efficiency, and effectiveness in NRC's programs and operations.

The Office of the Inspector General also reviews existing and proposed regulations, legislation, and directives and provides comments, as appropriate, regarding any significant concern. It keeps the NRC Chairman and Members of Congress fully and currently informed about problems, recommends corrective actions, and monitors NRC progress in implementing those actions.

VISION FOR FY 2003 THROUGH 2008

“We are agents of positive change striving for continuous improvement in our agency’s management and program operations.”

ALIGNING WITH NRC’S STRATEGIC GOAL

To update the OIG Strategic Plan in FY 2003, the OIG identified the major challenges and risk areas facing NRC. As part of this effort, OIG considered the Inspector General’s latest assessment of NRC’s most serious management challenges, the NRC Chairman’s parallel effort to identify the agency’s management challenges, and recent work completed by OIG’s audit and investigative units. This process resulted in an OIG strategic plan that features three strategic goals which generally align with NRC’s mission and strategic goals.

OIG Strategic Goal 1

Advance NRC’s efforts to enhance safety and protect the environment.

OIG Strategic Goal 2

Enhance NRC’s efforts to increase security in response to the current threat environment.

OIG Strategic Goal 3

Improve the economy, efficiency, and effectiveness of NRC corporate management.

Through this alignment and associated planning activities, OIG sought to identify the major risks confronting the NRC and will focus its resources on improving NRC’s ability to deal with these issues. This will be done by identifying opportunities for improvement in the agency and conducting activities to prevent and detect fraud, waste, mismanagement, and inefficiency in NRC programs and operations. The work of OIG auditors and investigators are mutually supportive and complementary in pursuit of these objectives.

Changing conditions and revisions of laws, regulations, procedures, and agency priorities will inevitably require alterations to this strategic plan. The experience of the auditors and investigators will also offer opportunities to consider further refinements.

ROLE OF THE OIG

In order to accomplish their mission, Inspectors General (IGs) have substantial independence and authority. Within this broad purview, IGs conduct audits and investigations of agency programs; have direct access to agency records and materials; issue subpoenas for all necessary information, data, reports, and other documentary evidence; hire their own staffs; and request assistance from other Federal, State, and local government agencies. The IG structure allows them to act as independent fact-gatherers, often undertaking initiatives at the request of the agency head, and to provide assessments in such areas as financial management systems and internal controls. In such instances, IGs and agency managers pursue the same ultimate goal — efficient and effective program operation and delivery of services.

Background

To perform its duties, OIG employs auditors, management analysts, criminal investigators, investigative analysts, legal counsel, and support personnel. OIG also uses private-sector contractors to audit NRC's financial statements and for other audit, investigative, and information technology (IT) technical support services.

Audits

To fulfill its audit mission, OIG conducts performance, financial, and contract audits. Performance audits focus on NRC administrative and program operations and evaluate the effectiveness and efficiency with which managerial responsibilities are carried out and whether the programs achieve intended results. Financial audits attest to the reasonableness of NRC's financial statements and evaluate financial programs. Contract audits evaluate the cost of goods and services procured by NRC from commercial enterprises. In addition, the audit staff prepares special evaluation reports that present OIG perspectives or information on specific topics.

With regard to the general goals articulated in this strategic plan, the audit capability will be enhanced in FY 2004 by the addition of three FTE. These new resources will assist OIG to increase its focus on NRC's technical programs to include safety and security mission-related areas involving the handling and disposal of nuclear waste, nuclear fuel fabrication, and nuclear material control and accountability issues. Other existing audit resources will continue to focus on these programs as well as the current technical and corporate management areas.

Investigations

OIG's investigative staff carries out its mission by performing investigations relating to the integrity of NRC's programs and operations. Most OIG investigations focus on allegations of fraud, waste, and abuse and violations of law or misconduct by NRC employees and contractors. Additionally, OIG investigates allegations of irregularities or abuses in NRC programs and operations with special emphasis on those NRC activities that could adversely impact public health and safety. Periodically, the investigative staff issue Event Inquiry Reports that document OIG's examination of events or agency regulatory actions and identify staff actions that may have contributed to the occurrence of an event. OIG also issues Special Inquiry Reports that document instances where inadequacies in NRC regulatory oversight may have resulted in a potential adverse impact on public health and safety.

With regard to the general goals articulated in this strategic plan, the investigative unit will, on a priority basis, direct its current resources to address allegations in the safety, security, and corporate management mission-related areas.

SECTION 2 - SITUATIONAL ASSESSMENT

STRATEGIC CHALLENGES FACING NRC

NRC faces a number of long-term strategic issues that OIG will consider in determining priorities and scheduling work during FY 2003–2008. The following issues, while not ranked, represent areas on which OIG will focus during the next several years.

Safety Challenges

- ❑ Regulatory Process Issues
 - o NRC continues to transition to a more risk-informed and performance-based framework. It faces challenges and public perception concerns about the potential impact of this approach on nuclear safety.
 - o NRC is challenged to achieve its goal to reduce unnecessary regulatory burden on its licensees while maintaining its independence, work more effectively with Agreement States in implementing the National Materials Program, conduct an effective and efficient research program, and introduce risk information into regulatory oversight.
- ❑ Licensing Issues
 - o NRC faces challenges in responding to new technologies involving the design of and licensing of new reactors. Tension exists between commercial and regulatory interests, and issues include NRC's ability to thoroughly review license renewal and power uprate requests in a timely manner, given an increasing workload.
- ❑ Agreement State Issues
 - o There are issues relating to the increasing number of Agreement States and the subsequent decrease in the number of licensed users that NRC directly regulates. For example, NRC licensees bear the burden of increasing fees and NRC is challenged with effectively regulating materials use in an environment where the majority of materials licensees are in Agreement States.
- ❑ High Level Waste/Yucca Mountain Issues
 - o A highly controversial issue involves transportation and safe storage of high-level waste, licensing of the proposed repository at Yucca Mountain, NV and interagency coordination (e.g., among Department of Energy (DOE), Department of Transportation, and Environmental Protection Agency).

- ❑ Public Confidence Issues
 - o NRC recognizes the need to strengthen public confidence to help ensure the agency's credibility as an independent regulator. NRC is challenged to increase public participation in its regulatory processes, enhance the public's understanding of NRC's role and of controversial issues, and foster an environment both internally and externally where safety issues can be raised without fear of retribution. Especially noteworthy are the significant challenges facing NRC associated with the review of the license application from DOE for the high-level waste repository at Yucca Mountain as well as the interim storage of spent nuclear fuel both at and away from reactor sites.

Security Challenges

- ❑ Threat Environment Assessment
 - o The threat environment facing NRC represents considerable risk. NRC must protect its infrastructure (facilities, computers, people, and competency) and ensure that its oversight, licensee programs, and regulations are adequate to protect against emerging threats.
- ❑ Licensee Vulnerability Assessments
 - o NRC faces considerable challenges in coordinating with other Federal and non-Federal entities to identify and mitigate nuclear security vulnerabilities. NRC must also adjust existing activities, such as licensing and inspection, to integrate safety and security considerations into its regulatory processes.
- ❑ Preparing NRC for a Post-9/11 World
 - o Historically, NRC has focused on nuclear safety. As a result of the terrorist attacks of September 11, 2001, NRC has increased its emphasis on nuclear security. Achieving the appropriate safety-security balance requires a change in culture, approach, and capabilities.
- ❑ Support U.S. Non-Proliferation Goals
 - o NRC must ensure that controls over the export of radioactive material are strengthened, and that it adequately supports United States efforts to prevent unauthorized users from having access to radioactive material, follows through on agency responsibilities linked to international treaties, and addresses other challenges regarding proliferation.

Corporate Management Challenges

- NRC Management Issues
 - o NRC faces a number of management challenges, including implementing the President's Management Agenda and addressing OIG Management Challenges and the NRC Chairman's Challenges. Challenges include:
 - P Managing human capital.
 - P Identifying competitive sourcing opportunities.
 - P Improving financial performance.
 - P Expanding e-Government capabilities.
 - P Integrating budget and performance processes.
 - P Addressing communication gaps within NRC.

These challenges were used to formulate the NRC-OIG goals and strategies presented in Section 3 of this strategic plan. In addition to describing the goals and associated performance measures, Section 3 also presents general strategies for achieving them.

To focus OIG program activities each year, OIG prepares an annual performance plan that has an audit and investigative component and links to the OIG Strategic Plan. This annual performance plan, which is distributed to the Congress and NRC management, identifies specific NRC program areas and priorities, strategies, and actions on which OIG audit resources will be focused. The annual plan also describes specific investigative priorities and goals and identifies particular areas of agency programs and operations that are of special interest to the investigative unit. The OIG investigations program also prepares a detailed internal plan that is not publicly available.

SECTION 3 - GOALS AND STRATEGIES

Strategic Goal 1

Advance NRC's efforts to enhance safety and protect the environment.

General Goals

- 1. 80 percent of OIG products and activities undertaken to accomplish Strategic Goal 1 will identify risk areas or management challenges related to enhancing safety.*
- 2. 70 percent of OIG products and activities undertaken to accomplish Strategic Goal 1 will have a high impact on improving safety.*

Discussion: NRC faces many safety challenges and an associated increased workload in the coming years concerning nuclear reactor oversight, the regulation of nuclear materials, and the handling of high-level waste.

A significant concern for NRC is ensuring the safe operation of the Nation's nuclear power plants through an established oversight process developed to ensure that licensees identify and resolve safety issues before they affect safe plant operation.

In addition, NRC must address an increasing number of license amendment requests to increase the power generating capacity of specific commercial reactors; license renewal requests to extend reactor operations beyond originally set expiration dates; and the introduction of new technology such as new and advanced reactor designs.

In fulfilling its responsibilities to regulate nuclear materials, NRC must ensure that its regulatory activities regarding nuclear fuel cycle facilities and nuclear materials adequately protect public health and safety. NRC is especially reliant on the effectiveness of the Agreement States Program in meeting these responsibilities. Additionally, NRC's regulatory activities concerning nuclear materials must protect against radiological sabotage and theft or diversion of these materials. Further, licensing of new facilities (e.g., mixed oxide (MOX) fuel fabrication), and the potential oversight of DOE non-weapons laboratories pose additional challenges.

In the high-level waste area, NRC faces significant issues involving the licensing of the Yucca Mountain repository and the transportation of designated high-level waste from plants and facilities. Additional high-level waste issues include the interim storage of spent nuclear fuel both at and away from reactor sites, certification of storage and transport casks, and the oversight of the decommissioning of reactors and other nuclear sites. Further, DOE and the industry will

need contingency plans if the repository is not licensed or not available in 2012, and NRC will need to be able to respond to those plans.

Strategy 1-1: Identify risk areas associated with NRC efforts to implement the Reactor Oversight Program and make recommendations, as warranted, for addressing them.

Actions:

- a. Assess the adequacy of NRC's implementation of licensing and other oversight activities with regard to the safe operation of existing nuclear reactors.
- b. Assess the extent to which NRC has integrated into the reactor oversight process its emergency preparedness and incident response obligations associated with a potential significant nuclear event or incident.
- c. Assess NRC's implementation of its risk-informed inspection process.
- d. Assess the impact that an increase in license renewal requests would have on the licensing process.
- e. Assess the effectiveness of the NRC regulatory process and related enforcement actions.
- f. Assess NRC's actions to address the potential risks associated with aging facilities and with the introduction of new technology.
- g. Monitor NRC activities and gather stakeholder information to identify potential gaps in NRC regulatory oversight. Conduct, as appropriate, event inquiries when gaps are identified.

Strategy 1-2: Identify risk areas facing the materials program and make recommendations, as warranted, for addressing them.

Actions:

- a. Assess NRC's implementation of programs for controlling, accounting for, tracking, and inspecting nuclear materials.
- b. Assess the extent to which NRC has integrated into the materials program its emergency preparedness and incident response obligations associated with a potential significant nuclear event or incident.
- c. Assess NRC activities concerning the licensing and oversight of fuel cycle facilities, including MOX fuel fabrication and the potential oversight of DOE non-weapons laboratories.
- d. Assess NRC's handling of low-level waste issues, including security, disposal, and coordination with Agreement States.
- e. Assess impact of Agreement States program on the safety and security of materials and on NRC funding and regulatory activities.
- f. Review NRC and licensee reports and engage interested stakeholders to identify issues of concern in NRC oversight of nuclear material held by NRC licensees.
- g. Assess NRC's oversight of nuclear waste issues associated with the de-commissioning and cleanup of nuclear reactor sites and other facilities.

Strategy 1-3: Identify risk areas associated with the prospective licensing of the high-level waste repository and make recommendations, as warranted, for addressing them.

Actions:

- a. Assess NRC's regulatory activities involving the interim storage of high-level waste and spent fuel both at and away from reactor sites.
- b. Assess issues involving the review of a Yucca Mountain repository application, if received by NRC, and the transportation of designated high-level waste from plants and facilities.
- c. Assess the consequences of Yucca Mountain not being licensed or not being available as planned, including NRC's ability to respond to DOE and industry contingency plans.
- d. Closely monitor the Yucca Mountain license review process to ensure that there are no indications of process deviations and that the review is being conducted in a thorough and impartial manner.

Strategic Goal 2

Enhance NRC's efforts to increase security in response to the current threat environment.

General Goals

- 1. 85 percent of OIG products and activities undertaken to accomplish Strategic Goal 2 will identify risk areas or management challenges related to security.*
- 2. 70 percent of OIG products and activities undertaken to accomplish Strategic Goal 2 will have a high impact on improving security.*

Discussion: NRC faces a number of challenges in increasing its emphasis on security since September 11, 2001. The terrorist attacks which occurred that day resulted in a sharpened focus on the security and protection of operating nuclear power plants and nuclear materials. NRC, in concert with other agencies, is assessing current risks faced by licensed activities, reviewing existing security measures, and identifying vulnerabilities. Further, a comparable risk and vulnerability assessment is underway concerning NRC office facilities. Given this increased security focus, it is anticipated that NRC will expend considerable effort in developing responsive security plans and enhanced security capabilities.

In addition to ensuring the security and protection of domestic nuclear facilities and materials, NRC faces new challenges in supporting United States international interests in the safe and secure use of nuclear materials and in nuclear non-proliferation. These challenges include improving controls on the export of nuclear materials and equipment and NRC's successful exercising of its international commitments.

Strategy 2-1: Identify risk areas involved in effectively securing operating nuclear power plants and nuclear materials and make recommendations, as warranted, for addressing them.

Actions:

- Assess the extent to which NRC has developed a comprehensive threat assessment with regard to nuclear power plants and nuclear materials and a process for keeping it up to date.
- Assess the adequacy of the process for developing existing regulations to respond to an evolving threat environment and the extent to which NRC is making appropriate regulatory adjustments.
- Assess NRC's coordination with other agencies.
- Assess NRC's acquisition of resources and expertise to meet its security responsibilities.

- e. Monitor the development of NRC requirements intended to enhance nuclear plant security.

Strategy 2-2: Identify risks associated with nonproliferation and make recommendations, as warranted, for addressing them.

Actions:

- a. Assess NRC's efforts to improve controls on the export of nuclear materials or equipment.
- b. Assess NRC's responsibilities linked to established statutes, international treaties, conventions, and agreements of cooperation.

Strategy 2-3: Identify threats to NRC security and make recommendations, as warranted, for addressing them."

Actions:

- a. Assess the extent to which NRC has developed a comprehensive threat assessment for its facilities and personnel and a process for keeping it up to date.
- b. Assess the extent to which NRC has implemented physical and information security controls and procedures.
- c. Assess the effectiveness of NRC approaches for balancing physical and information security and public openness.
- d. Assess NRC's steps in ensuring continuity of its operations in the event that a significant incident occurs.
- e. Assess other issues involving NRC security, including regional vulnerabilities and temporary facilities needed for Yucca Mountain hearings.
- f. Through proactive initiatives and reactive investigations, assist the Office of the Chief Information Officer and NRC systems administrators in the protection of the NRC IT infrastructure against internal and external computer intrusions.

Strategic Goal 3

Improve the economy, efficiency, and effectiveness of NRC corporate management.

General Goals

- 1. 65 percent of OIG products and activities undertaken to accomplish Strategic Goal 3 will identify critical risk areas or management challenges related to corporate management.***
- 2. 70 percent of OIG products and activities undertaken to accomplish Strategic Goal 3 will have a high impact on corporate management.***

Discussion: NRC faces significant challenges to efficiently, effectively, and economically manage its resources. In the Inspector General's assessment of the most serious management challenges facing NRC, the IG identified three specific challenges that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals.

- Acquisition and implementation of information resources
- Administration of all aspects of financial management
- Maintenance of a highly competent staff (i.e., human capital management)

These management challenges dovetail with the President's Management Agenda, which NRC is striving to implement. The President's Management Agenda, announced in the summer of 2001, is an aggressive strategy for improving the management of the Federal Government. It focuses on five areas of management weakness across the Government where improvements and the most progress can be made.

- Improve workforce planning
- Improve financial management practices
- Integrate budget and performance
- Increase competitive sourcing
- Expand electronic Government

In addition, NRC has other challenges in the control and accountability of property, facilities management operations, and the acquisition of goods and services.

Strategy 3-1: Assess progress made in implementing the President’s Management Agenda.

Actions:

- a. Assess NRC strategies for addressing loss of knowledge, skills, and abilities through retirement and turnover and the impact of a diminishing “academic pipeline.”
- b. Assess NRC efforts to comply with OMB competitive sourcing requirements.
- c. Assess steps taken by NRC to improve its financial management practices, including the overall process and steps undertaken to implement cost-accounting capabilities and integrate financial systems.
- d. Assess NRC efforts to embrace e-Government initiatives.
- e. Assess NRC progress in integrating budget and performance.

Strategy 3-2: Identify other areas of Corporate Management risk within NRC and make recommendations, as warranted, for addressing them.

Actions:

- a. Assess NRC property accountability and controls.
- b. Assess NRC facilities management operations.
- c. Assess NRC actions taken to address issues cited in the NRC safety culture and climate survey.
- d. Assess NRC IT issues, including the return-on-investment obtained from IT initiatives, integration of NRC technology and systems, and NRC procedures for IT life cycle management.
- e. Assess NRC acquisition and contracting controls and processes.
- f. Coordinate with the Office of the Chief Financial Officer and OCIO to identify any instances of misuse of NRC equipment and resources, such as computers, and travel and procurement credit cards.
- g. Reduce instances of employee criminal and administrative misconduct through investigations or proactive initiatives.
- h. Use proactive initiatives, in support of improved financial performance, to identify and investigate any instances of fraudulent payments associated with NRC programs.

SECTION 4 - PERFORMANCE MEASURES

<i>Measure</i>	<i>Goal 1 Safety</i>		<i>Goal 2 Security</i>		<i>Goal 3 Corporate Management</i>	
	<i>Baseline 2004</i>	<i>Target 2005</i>	<i>Baseline 2004</i>	<i>Target 2005</i>	<i>Baseline 2004</i>	<i>Target 2005</i>
1. Percent of OIG products/activities ¹ undertaken to identify critical risk areas or management challenges relating to the improvement of NRC's safety, security, and/or corporate management programs.		80%		85%		65%
2. Percent of OIG products/activities that have a high impact ² on improving NRC's safety, security and/or corporate management programs.		70%		70%		70%
3. Number of audit recommendations agreed to by agency.		90%		90%		90%
4. Final agency action within 1 year on audit recommendations.		65%		65%		65%
5. Agency action in response to investigative reports.		90%		90%		90%
6. Acceptance by NRC's Office of General Counsel of OIG-referred Program Fraud and Civil Remedies Act cases.						70%

¹ OIG products are issued OIG reports - by the audit unit, an audit report or special evaluation; by the investigative unit, an event inquiry, or a special inquiry. Activities are OIG hotline activities or proactive investigative projects.

² High impact is the effect of an issued report or activity undertaken that results in: a) confirming risk areas or management challenges that caused the agency to take corrective action; b) real dollar savings or reduced regulatory burden; c) identifying significant wrong-doing by individuals that results in criminal or administrative action; d) clearing an individual wrongly accused; e) identifying regulatory actions or oversight that may have contributed to the occurrence of a specific event or incidence or resulted in a potential adverse impact on public health and safety.

SECTION 5 - FACTORS AFFECTING GOAL ACHIEVEMENT

To be effective, OIG must be responsive to a dynamic and changing external environment which may require OIG to redirect its focus and resources. For example, while performing activities in the annual performance plans and working to achieve our strategic goals, OIG will also be responding to unforeseen requests from the Congress, the NRC Commission, and the American public. As a result of external allegations or requests over the past several years, OIG conducted unplanned audits or investigative event inquiries involving issues regarding the Indian Point II Power Plant, the Davis Besse Nuclear Power Plant, and the Yucca Mountain Repository. While OIG will prioritize these requests as necessary, these unanticipated demands may take precedence over the goals and strategies presented in the Strategic Plan.

SECTION 6 - PROGRAM EVALUATIONS

Program evaluations were not used to update this strategic plan, nor are program evaluations scheduled during the time period covered by this plan. However, OIG employs an independent consultant with expert knowledge in the field of investigations to review OIG's investigative program to provide assurances that the program is operating in accordance with investigative standards. Audit quality assurance is also accomplished through an independent peer review conducted by independent auditors within the Inspector General community.

SECTION 7 - RELATIONSHIP BETWEEN OIG'S ANNUAL PERFORMANCE PLAN AND STRATEGIC PLAN

The NRC-OIG Strategic Plan for FY 2003-2008 provides the framework from which OIG will plan its work over the next 5 years. The Strategic Plan identifies specific program areas that OIG considers high-risk agency challenges. From within this framework, OIG will plan its annual audit and proactive investigative work to advance the agency's efforts in meeting its specific program goals. The annual performance plans will derive their direction from the Strategic Plan and will identify the specific activities and accomplishments to be performed within a year that directly contribute to the successful fulfillment of OIG's three strategic goals.