

Fiscal Year 2006

Performance and Accountability Report



U.S. NRC

UNITED STATES NUCLEAR REGULATORY COMMISSION

Protecting People and the Environment

Mission

License and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment.



Refueling a Nuclear Reactor

Vision

Excellence in regulating the safe and secure use and management of radioactive materials for the public good.

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(From left to right) Commissioner Gregory B. Jaczko, Commissioner Edward McGaffigan, Jr., Chairman Dale E. Klein, Commissioner Jeffrey S. Merrifield, and Commissioner Peter B. Lyons

A MESSAGE FROM THE CHAIRMAN

I am pleased to present the Nuclear Regulatory Commission's *Performance and Accountability Report for FY 2006*. Ensuring the protection of public health and safety and the environment has always been and will continue to be the NRC's primary goal. I am proud to report that the NRC has again achieved its safety and security performance goals. While we did not meet some of our openness, effectiveness, and management performance measures, we have developed approaches to improve results in the coming year.

The Agency is continuing its successful regulatory oversight programs, including comprehensive safety inspections as well as force-on-force exercises to confirm licensees' capabilities to provide adequate security. The NRC will also continue its program to renew the licenses of existing nuclear reactors following the necessary safety reviews. Projected new reactor licensing and other activities present significant challenges for the NRC, including the need to obtain additional resources to meet the increased workload, to hire and train several hundred new staff, to update the Agency's regulatory review and construction inspection guidelines, and to expand the Agency's infrastructure, including obtaining the necessary work space and implementing more innovative use of information technology, to accommodate this growth. I believe the Agency is on the right course to meet these challenges.

This report provides information that demonstrates that NRC's financial and performance data are reliable and complete and that the funds entrusted to us by the American public are well managed. The auditors have rendered an unqualified opinion on the Agency's FY 2006 financial statements. The NRC has evaluated its internal controls, including those relating to financial reporting and its financial management systems as required by the Federal Managers Financial Integrity Act. There is reasonable assurance that the NRC is in compliance with the Act, with the exception of two material weaknesses related to implementation of the Federal Information Management Security Act: the lack of contingency plan testing for information systems and the lack of certification and accreditation of information systems. The Agency has also identified its Fee Billing System as being in substantial noncompliance with government wide financial system requirements and with the Federal Financial Management Improvement Act. The financial statement auditors identified a third material internal control weakness associated with quality assurance for the fee billing process. I have declared this to be a reportable condition based on the results of the Agency's internal control assessment. We have developed corrective action plans and will continue to work to eliminate the material internal control weaknesses and the Federal Financial Management Improvement Act substantial noncompliance (See Chapter 1, *Audit Results and Management Assurances*).

The NRC is committed to conducting its regulatory responsibilities to enable the use and management of radioactive materials and nuclear fuel for beneficial civilian purposes in a manner that protects public health and safety and the environment, promotes the security of our nation, and provides for regulatory actions that are open, effective, efficient, realistic and timely. The NRC looks forward to continuing its high-quality service to the American public in FY 2007 and beyond.



Dale E. Klein
November 15, 2006

