Office of the Inspector General

U.S. Nuclear Regulatory Commission

Annual Plan

Fiscal Year 2012

FOREWORD

I am pleased to present the Office of the Inspector General's (OIG) fiscal year (FY) 2012 *Annual Plan*. The *Annual Plan* provides the audit and investigative strategies and associated summaries of the specific work planned for the coming year. It sets forth OIG's formal strategy for identifying priority issues and managing its workload and resources for FY 2012.

The U.S. Nuclear Regulatory Commission's (NRC) mission is to 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. OIG is committed to ensuring the integrity of NRC programs and operations. Developing an effective planning strategy is a critical aspect of accomplishing this commitment. Such planning ensures that audit and investigative resources are used efficiently.

This *Annual Plan* was prepared to align with the OIG *Strategic Plan* for FYs 2008 – 2013, which is based, in part, on an assessment of the strategic challenges facing NRC. The *Strategic Plan* identifies OIG's priorities and establishes a shared set of expectations regarding the goals we expect to achieve and the strategies we will employ over that timeframe. The *Strategic Plan* is the foundation on which our *Annual Plan* is based. The Commission, NRC Headquarters, and NRC Regions provided input into the development of this *Annual Plan*.

We have programmed all available resources to address the matters identified in this plan. This approach maximizes use of our resources. However, to respond to a changing environment, it is sometimes necessary to modify this plan as circumstances, priorities, and/or resources dictate.

Hubert T. Bell **/RA/**
Inspector General

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MISSION AND AUTHORITY

The Nuclear Regulatory Commission's (NRC) Office of the Inspector General (OIG) was established on April 15, 1989, pursuant to Inspector General Act Amendments contained in Public Law 100-504. OIG's mission is to (1) conduct and supervise independent audits and investigations of agency programs and operations; (2) promote economy, effectiveness, and efficiency within the agency; (3) prevent and detect fraud, waste, and abuse in agency programs and operations; (4) develop recommendations regarding existing and proposed regulations relating to agency programs and operations; and (5) keep the agency head and Congress fully and currently informed about problems and deficiencies relating to agency programs. The act also requires the Inspector General (IG) to prepare a semiannual report to the NRC Chairman and Congress summarizing the activities of the OIG.

In furtherance of the execution of this mission and of particular importance to OIG's annual plan development, the IG summarizes what he considers to be the most serious management and performance challenges facing NRC and assesses the agency's progress in addressing those challenges.

Serious management and performance challenges are mission critical areas or programs that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals. In the latest annual assessment (October 2011) the IG identified the following as the most serious management challenges facing NRC:[1]

1. Oversight of nuclear material used for civilian purposes.

2. Managing information to balance security with openness and accountability.

3. Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

4. Oversight of radiological waste.

5. Implementation of information technology and information security measures.

6. Administration of all aspects of financial management and procurement.

7. Managing human capital.

Through its Issue Area Monitor (IAM) program, OIG staff monitor agency performance on these management challenges. These challenges, in conjunction with OIG's strategic goals, serve as an important basis for deciding which audits and evaluations to conduct each fiscal year.

[1]The challenges are not ranked in any order of importance.

PLANNING STRATEGY

The FY 2012 *Annual Plan* is linked with OIG's *Strategic Plan* for FYs 2008 – 2013. The *Strategic Plan* identifies the major challenges and critical risk areas facing the NRC so that OIG resources may be directed in these areas in an optimum fashion.

The *Strategic Plan* recognizes the mission and functional areas of the agency and the major challenges the agency faces in successfully implementing its regulatory program. The plan presents strategies for reviewing and evaluating NRC programs under the strategic goals that OIG established. OIG's strategic goals are to (1) *strengthen NRC's efforts to protect public health and safety and the environment*, (2) *enhance NRC's efforts to increase security in response to an evolving threat environment*, and (3) *increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources*. To ensure that each audit and evaluation carried out by OIG aligns with the *Strategic Plan*, program areas selected for audit and evaluation have been crosswalked from the *Annual Plan* to the *Strategic Plan* (see planned audits in appendixes A, B, and C). Furthermore, each OIG audit and evaluation is also linked with one or more of the management challenges identified by the IG as facing the agency as of October 2011 and listed on page 1 of this document.

AUDIT AND INVESTIGATION UNIVERSE

NRC's proposed FY 2012 budget is approximately $1.038 billion, including 3,981 full-time equivalents. The agency's mission is to 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. The agency also has a role in enhancing nuclear safety and security throughout the world.

NRC is headquartered in suburban Maryland, just outside of Washington, DC; has four regional offices located throughout the United States; and operates a technical training center located in Chattanooga, Tennessee.

The agency carries out its mission through various licensing, inspection, research, and enforcement programs. Currently, NRC responsibilities include regulating 104 commercial nuclear power reactors that are licensed to operate in 31 States; Independent Spent Fuel Storage Installations in 33 States; 31 research and test reactors; 7 major fuel fabrication facilities; 2 gaseous diffusion uranium enrichment facilities; and approximately 3,000 licenses issued for medical, academic, and industrial uses of nuclear material. NRC has also received 18 applications for new power reactors and is overseeing the decommissioning of 12 commercial nuclear power plants and 12 research and test reactors.

The audit and investigation oversight responsibilities are therefore derived from the agency's wide array of programs, functions, and support activities established to accomplish NRC's mission.

AUDIT STRATEGY

Effective audit planning requires current knowledge about the agency's mission and the programs and activities used to carry out that mission. Accordingly, OIG continually monitors specific issue areas to strengthen its internal coordination and overall planning process. Under the office's IAM program, staff designated as IAMs are assigned responsibility for keeping abreast of major agency programs and activities. The broad IAM areas address nuclear reactors, nuclear materials, nuclear waste, information management, security, financial and administrative programs, human resources, and international programs. Appendix E contains a listing of the IAMs and the issue areas for which they are responsible.

The audit planning process, which is informed by the OIG *Strategic Plan* and identified agency management and performance challenges, yields audit assignments that will identify opportunities for efficiency, economy, and effectiveness in NRC programs and operations; detect and prevent fraud, waste, and mismanagement; improve program and security activities at headquarters and regional locations; and respond to emerging circumstances and priorities. The priority for conducting audits is based on (1) critical agency risk areas; (2) mandatory legislative requirements; (3) emphasis by the President, Congress, NRC Chairman, or other NRC Commissioners; (4) a program's susceptibility to fraud, manipulation, or other irregularities; (5) dollar magnitude or resources involved in the proposed audit area; (6) newness, changed conditions, or sensitivity of an organization, program, function, or activities; (7) prior audit experience, including the adequacy of internal controls; and (8) availability of audit resources.

INVESTIGATION STRATEGY

OIG investigation strategies and initiatives add value to agency programs and operations by identifying and investigating allegations of fraud, waste, and abuse leading to criminal, civil, and administrative penalties and recoveries. By focusing on results, OIG has designed specific performance targets with an eye on effectiveness. Because NRC's mission is to protect public health and safety, the main investigative concentration involves alleged NRC misconduct or inappropriate actions that could adversely impact health and safety-related matters. These investigations typically include allegations of:

- Misconduct by high-ranking NRC officials and other NRC officials, such as managers and inspectors, whose positions directly impact public health and safety.
- Failure by NRC management to ensure that health and safety matters are appropriately addressed.
- Failure by the NRC to appropriately transact nuclear regulation publicly and candidly and to openly seek and consider the public's input during the regulatory process.
- Conflict of interest by NRC employees with NRC contractors and licensees.

OIG will also implement initiatives designed to monitor specific high-risk areas within NRC's corporate management that are most vulnerable to fraud, waste, and abuse. A significant focus will be emerging information technology and national security issues that could negatively impact the security and integrity of NRC data and operations. This will also include efforts to ensure the continued protection of personal privacy information held within agency databases and systems. OIG is committed to improving the security of the constantly changing electronic business environment by investigating unauthorized intrusions and computer-related fraud, and by conducting computer forensic examinations. Other proactive initiatives will focus on determining instances of procurement fraud, identifying vulnerabilities in the nuclear supply chain, theft of property, internal radicalization threats, and Government travel and purchase card abuse.

As part of these proactive initiatives, the OIG will be meeting with agency internal and external stakeholders to identify systemic issues or vulnerabilities. This approach will allow the identification of potential vulnerabilities and an opportunity to improve agency performance, as warranted.

With respect to OIG's strategic goals pertaining to safety and security, OIG routinely interacts with public interest groups, individual citizens, industry workers, and NRC staff to identify possible lapses in NRC regulatory oversight that could impact public health and safety. OIG also conducts proactive initiatives and reviews into areas of current or future regulatory safety or security interest to identify emerging issues or address ongoing concerns regarding the quality of NRC's regulatory oversight. Such areas might include new reactor licensing and relicensing of existing plants and aspects of the transportation and storage of high-level and low-level waste. Finally, OIG conducts a limited number of Event and Special Inquiries into specific events that indicate an apparent shortcoming in NRC's regulatory oversight of the nuclear industry's safety and security programs to determine the appropriateness of the staff's actions to protect public health and safety.

Appendix D provides investigation objectives and initiatives for FY 2012. Specific investigations are not included in the plan because investigations are primarily responsive to reported violations of law and misconduct by NRC employees and contractors, as well as allegations of irregularities or abuse in NRC programs and operations.

PERFORMANCE MEASURES

For FY 2012, we will use a number of key performance measures and targets for gauging the relevancy and impact of our audit and investigative work. OIG calculates these measures in relation to each of OIG's strategic goals to determine how well we are accomplishing our objectives. The performance measures are:

1. Percent of OIG products/activities[2] undertaken to identify critical risk areas or management challenges relating to the improvement of NRC's safety, security, and/or corporate management programs.

2. Percent of OIG products and activities completed that have a high impact[3] on improving NRC's safety, security, and/or corporate management programs.

3. Percent of audit recommendations agreed to by agency.

4. Percent of final agency action taken within 2 years on audit recommendations.

5. Percent of agency actions in response to investigative reports.

6. Complete active investigative cases in less than 18 months on average.

[2] OIG products are issued OIG reports. OIG reports include, by the audit unit, an audit report or evaluation, and by the investigative unit, a report of investigation, an event inquiry, or a special inquiry. Activities are OIG hotline activities or proactive investigative projects.

[3] 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) identifying real dollar savings or opportunities for reduced regulatory burden, (c) identifying significant wrongdoing by individuals that results in criminal or administrative action, (d) clearing an individual wrongly accused, or (e) identifying regulatory actions or oversight that may have contributed to the occurrence of a specific event or incident or resulted in a potential adverse impact on public health and safety.

OPERATIONAL PROCESSES

The following sections detail the approach used to carry out the audit and investigative responsibilities previously discussed.

AUDITS

OIG's audit process comprises the steps taken to conduct audits and involves specific actions, ranging from annual audit planning to performing audit followup. The underlying goal of the audit process is to maintain an open channel of communication between the auditors and NRC officials to ensure that audit findings are accurate and fairly presented in the audit report.

OIG performs the following types of audits:

Performance – These audits are conducted on selected NRC administrative and program operations to evaluate the effectiveness and efficiency with which managerial responsibilities are carried out. They focus on whether management controls, practices, processes, and procedures are adequate and effective, and whether programs and activities achieve their anticipated results.

Financial – These audits include the financial statement audit required by the Chief Financial Officers Act and other financial audits. They include reviews of such items as internal control systems, transaction processing, and financial systems.

Contracts – Based on a Memorandum of Understanding between the OIG and NRC's Office of Administration, Division of Contracts, OIG provides oversight of work performed by the Defense Contract Audit Agency (DCAA) or outside independent public audit firms that perform contract audits. Pre-award audits of large contract proposals are an agency priority. At this time, OIG estimates that two pre-award audits will be needed in FY 2012. Post-award audits are divided into two categories: incurred cost audits of active contracts and closeout audits of completed contracts. For incurred cost audits, contracts over $10 million will be audited at least every 3 years, contracts between $5 million and $10 million will be audited at least once during the life of the contract, and contracts under $5 million will be periodically selected for audit on a judgmental basis. For FY 2012, OIG plans to select up to five active and three completed contracts for audit. DCAA will perform some audits, and others may be performed by outside, independent audit firms**,** as appropriate and as funds permit.

The key elements in the audit process are as follows:

Audit Planning – Each year, suggestions are solicited from the Commission, agency management, external parties, and OIG staff. An annual audit plan (i.e., this document) is developed and distributed to interested parties. It contains a listing of planned audits to be initiated during the year and the general objectives of the audits. The annual audit plan is a "living" document that may be revised as issues warrant, with a subsequent redistribution of staff resources.

Audit Notification – Formal notification is provided to the office responsible for a specific program, activity, or function, informing them of OIG's intent to begin an audit of that program, activity, or function.

Entrance Conference – A meeting is held to advise agency officials of the objective(s), and scope of the audit, and the general methodology to be followed.

Survey – Exploratory work is conducted before the more detailed audit commences to gather data for refining audit objectives, as appropriate; documenting internal control systems; becoming familiar with the activities to be audited; and identifying areas of concern to management.

Audit Fieldwork – A comprehensive review is performed of selected areas of a program, activity, or function using an audit program developed specifically to address the audit objectives.

Discussion Draft Report – A discussion draft copy of the report is provided to agency management to allow them the opportunity to prepare for the exit conference.

Exit Conference – A meeting is held with the appropriate agency officials to discuss the discussion draft report. This meeting provides agency management the opportunity to confirm information, ask questions, and provide any necessary clarifying data.

Final Draft Report – If requested by agency management during the exit conference, a final draft copy of the report that includes comments from the exit conference is provided to the agency to obtain formal written comments.

Final Audit Report – The final report includes, as necessary, any revisions to the facts, conclusions, and recommendations of the draft report discussed in the exit conference or generated in written comments supplied by agency managers. Written comments are included as an appendix to the report. Some audits are sensitive and/or classified. In these cases, final audit reports are not made available to the public.

Response to Report Recommendations – Offices responsible for the specific program audited provide a written response on each recommendation (usually within 30 days) contained in the final report. Agency management responses include a decision for each recommendation indicating agreement or

disagreement with the recommended action. For agreement, agency management provides corrective actions taken or planned and actual or target dates for completion. For disagreement, agency management provides their reasons for disagreement and any alternative proposals for corrective action. If questioned or unsupported costs are identified in the audit report, agency management states the amount that is determined to be disallowed and the plan to collect the disallowed funds. If funds that can be put to better use are identified, agency management states the amount that can be put to better use. If these amounts differ from those identified by OIG, agency management states the reasons for the difference.

Impasse Resolution – If the response by the action office to a recommendation is unsatisfactory, OIG may determine that intervention at a higher level is required. The Executive Director for Operations is NRC's audit followup official, but issues can be taken to the Chairman for resolution, if warranted.

Audit Followup and Closure – This process ensures that recommendations made to management are implemented.

INVESTIGATIONS

OIG's investigative process normally begins with the receipt of an allegation of fraud, mismanagement, or misconduct. Because a decision to initiate an investigation must be made within a few days of each referral, OIG does not schedule specific investigations in its plan.

Investigations are opened in accordance with OIG priorities as set forth in our *Strategic Plan* and in consideration of prosecutorial guidelines that may be established by the local U.S. attorneys for the Department of Justice (DOJ). OIG investigations are governed by the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Investigations, the OIG Special Agent Handbook, and various guidance provided periodically by DOJ.

Only four individuals in the OIG can authorize the opening of an investigative case: the IG, the Deputy IG, the Assistant IG for Investigations, and the Senior Level Assistant for Investigative Operations. Every allegation received by OIG is given a unique identification number and entered into a database. Some allegations result in investigations, while others are retained as the basis for audits, referred to NRC management, or, if appropriate, referred to another law enforcement agency.

When an investigation is opened, it is assigned to a special agent who prepares a plan of investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and agency policies that may be involved. The special agent then conducts the investigation, and uses a variety of investigative techniques to ensure completion.

In cases where the special agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. In cases where a

prosecuting attorney decides to proceed with a criminal or civil prosecution, the special agent assists the attorney in any preparation for court proceedings that may be required.

For investigations that do not result in a trial but are handled administratively by the agency, the special agent prepares an investigative report summarizing the facts disclosed during the investigation. The investigative report is distributed to agency officials who have a need to know the results of the investigation. For investigative reports provided to agency officials, OIG requires a response within 120 days regarding action taken as a result of the investigative findings. OIG monitors corrective or disciplinary actions that are taken.

OIG collects data summarizing the judicial and administrative action taken as a result of its investigations and includes this data in its semiannual reports to Congress.

As a complement to the investigation function, OIG also conducts a limited number of Event Inquiries and Special Inquiries. Event Inquiry reports document OIG's examination of events or agency regulatory actions to determine if staff actions may have contributed to the occurrence of an event. Special Inquiry reports document those instances where an investigation identifies inadequacies in NRC regulatory oversight that may have resulted in a potential adverse impact on public health and safety.

HOTLINE

The OIG Hotline Program provides NRC employees, licensee employees, contract employees, and the public with a confidential means of reporting to the OIG instances of fraud, waste, and abuse relating to NRC programs and operations. The toll free number (1-800-233-3497 or TDD 1-800-270-2787) provides easy access for individuals to report any instance of fraud, waste, or abuse to well-trained hotline operators in the OIG. Trained staff is available to answer calls Monday through Friday between 9 a.m. and 4 p.m. (Eastern Standard Time). At other times, callers may leave a message. There is no caller identification feature associated with the Hotline.

Individuals may also provide information via the Internet or by mail. To report fraud, waste, and abuse online, click on "OIG Hotline" found on OIG's Web page (www.nrc.gov/insp-gen.html). To provide information by mail, send all correspondence to the following address:

U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program
Mail Stop O-5 E13
11555 Rockville Pike
Rockville, MD 20852-2738

APPENDIX A

NUCLEAR SAFETY AUDITS PLANNED FOR FY 2012

Audit of NRC's Use of Confirmatory Action Letters

DESCRIPTION AND JUSTIFICATION

While conducting the 2011 Audit of NRC's Management of Licensee Commitments, OIG reviewed the implementation of several types of commitments, including commitments in Confirmatory Action Letters (CALs). A CAL is a letter issued to a licensee or vendor to emphasize and confirm the licensee's or vendor's agreement to take certain actions in response to specific issues. The *NRC Enforcement Manual* specifies that the level of significance of the issues addressed in a CAL should be such that if a licensee did not agree to meet the commitments in the CAL—which does not establish a legally binding agreement—then the staff would likely proceed to issue an Order, which is legally binding.

A CAL would likely be issued to a licensee or vendor from one of the regional offices or from a program office located at NRC headquarters, such as the Office of Nuclear Reactor Regulation, the Office of Federal and State Materials and Environmental Management Programs, and the Office of Nuclear Material Safety and Safeguards. Accordingly, some of these NRC regional and program offices use office instructions or guidance for considering and issuing a CAL, in addition to the *NRC Enforcement Manual*. There is no known *Atomic Energy Act (as amended)* clause or *Code of Federal Regulations* Part/Section that describes or otherwise defines the CAL. That is, the CAL is an extra-regulatory mechanism variably used in licensing and enforcement, depending on the issuing office. Given the possible wide range of purposes to issue a CAL and given the number of different types of offices potentially involved in issuing a CAL, it is important that NRC implements this regulatory tool in a consistent manner.

OBJECTIVE:

The audit objective is to determine the effectiveness of NRC's utilization of Confirmatory Action Letters as a regulatory tool.

SCHEDULE:

Initiated third quarter of FY 2011

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.
Strategy 1-3: Identify risk areas facing the materials programs and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Process for Evaluating the Relevance of Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC)

DESCRIPTION AND JUSTIFICATION:

When licensing a plant under Title 10, Code of Federal Regulations (10 CFR), Part 52, NRC is required to verify, within the combined license application, the inspections, tests, analyses, and the acceptance criteria (ITAAC) that, if met, are sufficient to provide reasonable assurance that the facility has been constructed and will be operated in conformity with the license, the provisions of the Atomic Energy Act, and the Commission's rules and regulations.

Prior to the implementation of 10 CFR Part 52, the agency identified the ITAACs needed to issue a combined license for new nuclear power facilities. However, given the changes in the nuclear industry since the inception of 10 CFR Part 52, there are concerns that ITAACs may not provide NRC with all of the necessary information needed to make its licensing decisions.

OBJECTIVE:

The audit objective is to assess NRC's regulatory approach, through the ITAAC review process, to ensure that new nuclear power plants have been constructed and will be operated in conformity with the license, the provisions of the Atomic Energy Act, and the Commission's rules and regulations.

SCHEDULE:

Initiated in the 3rd quarter of FY 2011.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-2: Identify risk areas associated with NRC's efforts to (1) prepare for and manage the review of applications for new power reactors, and (2) oversee construction of new power reactors to verify that they are built in conformance with approved designs and in compliance with approved construction standards and make recommendations, as warranted, for addressing the risks.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Oversight of Decommissioned Uranium Recovery Operations

DESCRIPTION AND JUSTIFICATION:

To provide for the disposal, long-term stabilization, and control of uranium mill tailings[4] in a safe and environmentally sound manner, and to minimize or eliminate radiation health hazards to the public, Congress enacted the Uranium Mill Tailings Radiation Control Act of 1978 (UMTRCA). NRC's role under UMTRCA falls into two separate areas. Under Title I, DOE or the pertinent State is responsible for cleanup and remediation, as well as long-term care and maintenance of the sites, under a general license from NRC. The NRC is required to evaluate the site design and implementation, and concur that the site meets the standards established by the U.S. Environmental Protection Agency. Under Title II, NRC licenses uranium recovery operations, some of which have substantial quantities of tailings. The NRC's Office of Federal and State Materials and Environmental Management Programs provides project management and technical review for decommissioning and reclamation of these Title II facilities.

OBJECTIVE:

The audit objective is to determine the effectiveness of NRC regulatory oversight of decommissioned uranium recovery sites and sites undergoing decommissioning.

SCHEDULE:

Initiated in the 3rd quarter of FY 2011.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-3: Identify risk areas facing the materials programs and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 4:

Oversight of radiological waste.

[4]Uranium mill tailings are the leftover crushed rock after the uranium oxides have been removed from uranium ore.

Audit of NRC's Oversight of Radiography Sources

DESCRIPTION AND JUSTIFICATION:

Radiography uses radiation to produce images of a subject, especially the internal features of a subject. For example, industrial radiography enables detection of internal physical imperfections such as voids, cracks, and flaws in welds, piping, and other components and structures. It is routinely used for examination of oil and gas pipelines, boilers, and pressure vessels.

Radiographic devices are often portable and subject to theft, loss, and damage. Each year, radiography devices, including their sources, are lost, stolen, or abandoned. The sources in these devices are of great concern because they are made from Cobalt-60, Iridium-192, or other highly radioactive material that can be lethal even in small amounts. For example, one gram of Cobalt-60 will cause a lethal exposure to anyone exposed for 1 hour or more at 1 meter or closer.

OBJECTIVE:

The audit objective is to determine the adequacy of NRC's processes for overseeing licensee activities addressing the safety and control of radiography sources.

SCHEDULE:

Initiated in the 4th quarter of FY 2011.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-3: Identify risk areas facing the materials programs and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 1:

Oversight of nuclear material used for civilian purposes.

Audit of NRC's Use of Orders

DESCRIPTION AND JUSTIFICATION:

NRC may issue orders to modify, suspend, or revoke licenses or require specific actions by licensees or other persons. Orders can also be used to impose civil penalties. The Commission's authority to issue orders under Section 161 of the Atomic Energy Act, as amended, is broad and extends to any area of licensed activity that the Commission deems necessary to promote the common defense and security or to protect health or to minimize danger to life or property. In addition, orders may be issued to persons who are not themselves licensed. This would include licensees, vendors, and contractors (and their employees) (1) when NRC has identified deliberate misconduct that may cause a licensee to be in violation of an NRC requirement, (2) where incomplete or inaccurate information is deliberately submitted, or (3) where the NRC loses its reasonable assurance that the licensee will meet NRC requirements with that person involved in licensed activities.

While several program offices and the regions may propose and prepare orders, all orders are sent to headquarters for review and approval prior to issuance. Moreover, all orders are published in the *Federal Register* and press releases are generally issued for all orders. Upon receipt of an order, 10 CFR 2.202 requires that a licensee submit a written response to an order under oath or affirmation within 20 days of the date of the order or other specified time frame.

OBJECTIVE:

The audit objective will be to evaluate NRC's implementation and use of orders.

SCHEDULE:

Initiate in the 1st quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Support for Resident Inspectors

DESCRIPTION AND JUSTIFICATION:

The core of the NRC inspection program for nuclear power plants and fuel-cycle facilities is carried out by NRC resident (onsite) inspectors. These inspectors provide an onsite agency presence for direct observation and verification of licensees' ongoing activities. Generally, the NRC regions manage resident inspector assignments, which include at least two inspectors that are assigned to each site for a period of up to 7 years.

Resident Inspector guidance stems from various sources. For example, for operating reactors, Inspection Manual Chapter 1202, "Senior Resident and Resident Inspector Site Turnover," provides guidelines that are intended to ensure that resident inspectors new to a site have the necessary knowledge and site familiarity to successfully implement the reactor oversight process and emergency response duties. Also, resident inspectors are regularly assigned offsite duties (e.g., an inspection at another site) and regional inspectors typically replace them on site during the absence. During the course of their assignment at a site, resident inspectors require support for telecommunications, human resources, technical and legal matters, and other areas. The ability to communicate effectively and efficiently with the regional offices, NRC headquarters, and other resident inspectors is vitally important to their ability to meet the expectations of NRC management and the public.

OBJECTIVE:

The audit objective will be to evaluate the effectiveness of NRC support provided to the resident inspectors at nuclear power plants, fuel-cycle facilities, and construction sites.

SCHEDULE:

Initiate in the 1st quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's General Licensing Program

DESCRIPTION AND JUSTIFICATION:

NRC's regulations provide a general license for the use of byproduct material contained in certain products. A general license allows certain persons to receive and use a device containing byproduct material if the device has been manufactured and distributed in accordance with a specific license issued by the NRC or by an Agreement State.

Tritium exit signs are an example of generally licensed devices. The purchasers of the devices are known as "general licensees" and they do not need authorization from NRC or a State regulatory agency to possess the signs, but they are subject to the regulatory requirements regarding the handling, transfer, or disposal of the signs in accordance with 10 CFR Part 31. NRC developed and uses the General License Tracking System to track the general licensees and general licensed devices.

When handled properly, generally licensed devices pose little or no threat to public health and safety nor do they constitute a security risk. However, the devices do contain radioactive material that requires proper handling and recordkeeping because if the source is damaged or broken it could cause radioactive contamination of an immediate area requiring a potentially expensive cleanup.

OBJECTIVE:

The audit objective will be to determine if NRC's General Licensing Program provides for the necessary accountability and tracking of generally licensed devices to protect public health and safety.

SCHEDULE:

Initiate in the 1st quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-3: Identify risk areas facing the materials programs and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 1:

Oversight of nuclear material used for civilian purposes.

Audit of NRC's Implementation of Its NEPA Responsibilities

DESCRIPTION AND JUSTIFICATION:

The National Environmental Policy Act (NEPA) of 1969 requires Federal agencies to consider the environmental impacts of actions under their jurisdiction. NEPA requires that an environmental impact statement (EIS) of the proposed action be prepared for "major Federal actions significantly affecting the quality of the human environment." Consultations to ensure compliance with other statutory mandates, such as with Section 7 of the Endangered Species Act of 1973 and Section 106 of the National Historic Preservation Act of 1966, are also part of the NEPA review process.

NEPA broadly impacts NRC. Several agency offices conduct environmental reviews. A NEPA review may be initiated in response to a rulemaking, an application for a new license or certification, a license amendment, or a decommissioning plan submitted to the NRC. Generic EISs have been developed to guide staff in the areas of nuclear plant licensing renewal, decommissioning of nuclear facilities, and applications for *in situ* uranium recovery operations. Standard review plans support staff environmental reviews in other areas. Growing public concern over licensing issues such as reactor aging and spent fuel storage heightens the importance of the criteria to determine the appropriate level and adequacy of environmental reviews.

OBJECTIVE:

The audit objective will be to determine whether NRC implements its environmental review and consultation responsibilities as prescribed by NEPA.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-3: Identify risk areas facing the materials programs and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Oversight of Equipment Aging

DESCRIPTION AND JUSTIFICATION:

The U.S. fleet of commercial nuclear power reactors is aging with an average plant age of more than 30 years. Additionally, over 90 percent of the 104 currently operating power reactors have either received, are awaiting approval for, or intend to seek a 20-year license extension. This presents emergent challenges as previously unseen equipment failures occur. Such aging related failures can affect major components such as unit transformers, reactor coolant/recirculation pumps, and other large motors and present material challenges, such as cracks in thermally treated components, and related equipment degradation. Failures of these components can result in operating anomalies and degraded safety equipment, both affecting nuclear safety.

OBJECTIVE:

The audit objective will be to determine if NRC is providing effective oversight of industry's aging equipment management programs.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Readiness To Review Advanced Reactors

DESCRIPTION AND JUSTIFICATION:

Reactor designers are developing a number of small light-water reactor (LWR) and non-LWR designs employing innovative solutions to technical nuclear power issues. These advanced reactor designs could be used for generating electricity in isolated areas or producing high-temperature process heat for industrial purposes. NRC expects to receive applications for staff review and approval of some of these designs under 10 CFR Part 52 as early as FY 2012. However, at least one prospective licensee has submitted a set of key licensing assumptions to support licensing and construction of up to six small modular reactor modules under 10 CFR Part 50. NRC has developed its current regulations on the basis of experience gained over the past 40 years from the design and operation of LWR facilities. To facilitate the licensing of new reactor designs that differ from the current generation of large LWR facilities, the NRC staff needs to resolve key safety and licensing issues and develop a regulatory infrastructure to support licensing review of these unique reactor designs.

OBJECTIVE:

The audit objective will be to assess NRC's readiness to perform licensing reviews of advanced small LWR and non-LWR designs.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-2: Identify risk areas associated with NRC's efforts to (1) prepare for and manage the review of applications for new power reactors, and (2) oversee construction of new power reactors to verify that they are built in conformance with approved designs and in compliance with approved construction standards and make recommendations, as warranted, for addressing the risks.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

Audit of NRC's Oversight of Spent Fuel Pools

DESCRIPTION AND JUSTIFICATION:

The tragic events of March 11, 2011, when an earthquake and tsunami struck Japan, damaging several reactors at the Fukushima Dai-ichi site, brought increased attention to the spent fuel pools (SFPs) at nuclear power plants. All U.S. nuclear power plants store spent nuclear fuel in SFPs. These pools are made of reinforced concrete several feet thick, with steel liners. The water is typically about 40 feet deep, and serves to shield the radiation and cool the fuel. Most SFPs at U.S. nuclear power plants were not originally designed to have a storage capacity for all the spent fuel generated by their reactors. SFP expansion through the use of high-density storage racks has been the technology most widely used to increase in-pool storage capacity over the past 40 years. Most nuclear power plant operators have increased spent fuel storage capacity through re-racking their SFPs at least once. About 75 percent of the Nation's spent fuel is stored in SFPs, while the remainder is in dry storage casks. With the majority of spent fuel being stored in SFPs, the safe operation of these pools is essential to protecting public health, safety, and the environment.

NRC's requirements for SFPs are in 10 CFR. NRC staff uses these rules to determine if fuel will remain safe under anticipated operating and accident conditions. NRC also conducts inspections, verifying that spent fuel pools and related operations are consistent with a plant's license.

OBJECTIVE:

The audit objective will be to determine if NRC's oversight of spent fuel pools and the nuclear fuel they contain provides adequate protection for public health, safety, and the environment.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 4:

Oversight of radiological waste.

Audit of NRC's Special Inspection Program

DESCRIPTION AND JUSTIFICATION:

The special inspection program is designed to support NRC's goals of maintaining safety, enhancing openness, and improving the effectiveness, and efficiency of the regulatory process. It is NRC's policy to ensure that significant operational events involving reactor and materials facilities licensed by the NRC are investigated in a timely, objective, systematic, and technically sound manner; that the factual information pertaining to each event is documented; and that the cause or causes of each event are ascertained. Special inspections may be performed for safety significant issues or in response to events or infrequent major activities at licensee facilities. For example, in 2010, NRC conducted a special inspection at a nuclear power plant to review the circumstances surrounding the failure of a safety-related pump after determining that there are possible generic implications.

Special inspections are performed by a Special Inspection Team consisting of select regional inspection staff. These inspections are performed on an as-needed basis in addition to regularly scheduled inspection activities. Approximately 30 special inspections were conducted from FY 2009 through FY 2011.

OBJECTIVE:

The audit objective will be to assess NRC's implementation and effectiveness of special inspections.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 1:

Strengthen NRC's efforts to protect public health and safety and the environment.

Strategy 1-1: Identify risk areas associated with NRC's Reactor Oversight Process and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 3:

Ability to modify regulatory processes to meet a changing environment in the oversight of nuclear facilities.

APPENDIX B

SECURITY AUDITS
PLANNED FOR FY 2012

FY 2011 Evaluation of FISMA

DESCRIPTION AND JUSTIFICATION:

The Federal Information Security Management Act (FISMA) was enacted on December 17, 2002. FISMA permanently reauthorized the framework laid out in the Government Information Security Reform Act, which expired in November 2002. FISMA outlines the information security management requirements for agencies, including the requirement for an annual review and annual independent assessment by agency Inspectors General. In addition, FISMA includes new provisions such as the development of minimum standards for agency systems, aimed at further strengthening the security of the Federal Government information and information systems. The annual assessments provide agencies with the information needed to determine the effectiveness of overall security programs and to develop strategies and best practices for improving information security.

FISMA provides the framework for securing the Federal government's information technology including both unclassified and national security systems. All agencies must implement the requirements of FISMA and report annually to the Office of Management and Budget and Congress on the effectiveness of their security programs.

OBJECTIVE:

The objective is to conduct an independent evaluation of the NRC's implementation of FISMA for FY 2011.

SCHEDULE:

Initiated in the 3rd quarter of FY 2011.

STRATEGIC GOAL 2 :

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Audit of NRC's Management of Import/Export Authorizations

DESCRIPTION AND JUSTIFICATION:

The Atomic Energy Act of 1954, as amended, assigns to NRC responsibility for licensing imports and/or exports of specified nuclear materials and equipment. 10 CFR Part 110 contains the regulations that prescribe licensing procedures. NRC coordinates with other executive branch agencies, such as the Department of State and the Department of Energy, in reviewing the license applications.

NRC processed approximately 143 import/export licenses during FY 2009, and approximately 104 during FY 2010, as of August 9, 2010.

OBJECTIVES:

The audit objectives are to determine whether NRC (1) properly reviews and approves import/export authorizations in a timely manner, (2) effectively coordinates this activity with other Federal agencies, and (3) efficiently and effectively coordinates import/export authorizations internally.

SCHEDULE:

Initiated in the 3rd quarter of FY 2011.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-5: Identify risks associated with nonproliferation of nuclear material and nuclear technology and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 1:

Oversight of nuclear material used for civilian purposes.

Audit of NRC's Protection of Safeguards Information

DESCRIPTION AND JUSTIFICATION:

Safeguards information (SGI) is defined as information the disclosure of which could reasonably be expected to have a significant adverse effect on public health and safety and/or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of materials or facilities subject to NRC jurisdiction. Further, SGI identifies the detailed (1) security measures of a licensee or an applicant for the physical protection of special nuclear materials, or (2) security measures for the physical protection and location of certain plant equipment vital to the safety of production or utilization facilities.

NRC established its SGI Security Program to ensure that this information is handled appropriately and protected from unauthorized disclosure. In accordance with the Atomic Energy Act of 1954 as amended, civil and criminal penalties can be levied for the unauthorized disclosure of safeguards information. The requirements of NRC's program are described in Management Directive and Handbook 12.7, *NRC Safeguards Information Security Program.*

OBJECTIVE:

The audit objective is to assess if NRC adequately ensures the protection of safeguards information. Specifically, OIG will review how NRC (1) defines what constitutes safeguards information, (2) prevents the inappropriate release of safeguards information to individuals who should not have access, and (3) conforms to agency safeguards information policy directions.

SCHEDULE:

Initiated in the 4th quarter of FY 2011.

STRATEGIC GOAL 2 :

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Audit of NRC's Security Significance Determination Process

DESCRIPTION AND JUSTIFICATION:

Inspectors use the Significance Determination Process (SDP) to evaluate inspection findings for significance and to assign significance characterizations to each of them. The term "SDP" is an overall process description that includes all associated provisions designed to meet Reactor Oversight Program objectives, such as formal opportunities for licensee input, NRC management review for any significance characterization of greater than green, Significance and Enforcement Review Panels, and licensee appeal options. The purpose of the SDP is to provide tools for assessing licensee performance in a manner that is risk-informed, objective, predictable, and understandable.

A technical basis for each SDP is provided in a separate Appendix within Inspection Manual Chapter (IMC) 609, *Significance Determination Process*. Appendix E of IMC 609, Parts I and II – "Baseline Security SDP for Power Reactors" and "Force on Force" (FOF) Security SDP for Power Reactors" provide inspection guidance for evaluating security findings.

OBJECTIVE:

The audit objective is to assess NRC's management of the baseline security inspection program, including specific program features such as the Significance Determination Process.

SCHEDULE:

Initiated in the 4th quarter of FY 2011.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 1:

Oversight of nuclear material used for civilian purposes.

Audit of NRC's Software Application Security

DESCRIPTION AND JUSTIFICATION:

Government and industry standards provide tools, guidelines, and other resources that Federal security practitioners can use to build security into software in every phase of development and implementation. Practitioners can use these resources to stay current on common software application security vulnerabilities and threats. Common standards include the Department of Homeland Security's "Build Security In" initiative, the "Web Application Security Consortium," MITRE's "Common Weakness Enumeration," and the "Open Web Application Security Project." Software application security programs are helping to address vulnerabilities; however, the true cost of these programs is unknown. NRC should apply software application security best practices and develop metrics to monitor the performance and costs of its software application security.

The Computer Security Office is responsible for planning, directing, and overseeing the implementation of a comprehensive, coordinated, integrated and cost-effective NRC Information Technology (IT) Security Program, consistent with applicable laws; regulations; and agency direction, management initiatives and policies. NRC requires that all software applications be current with the latest patches and security updates in accordance with NRC defined values. These aspects of information security are not covered specifically by the Federal Information Security Management Act evaluation.

OBJECTIVE:

The audit objective will be to determine whether NRC follows software application security requirements and best practices and measures program performance and cost-effectiveness.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 2 :

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

FY 2012 Evaluation of FISMA

DESCRIPTION AND JUSTIFICATION:

FISMA was enacted on December 17, 2002. FISMA permanently reauthorized the framework laid out in the Government Information Security Reform Act, which expired in November 2002. FISMA outlines the information security management requirements for agencies, including the requirement for an annual review and annual independent assessment by agency Inspectors General. In addition, FISMA includes new provisions such as the development of minimum standards for agency systems, aimed at further strengthening the security of the Federal Government information and information systems. The annual assessments provide agencies with the information needed to determine the effectiveness of overall security programs and to develop strategies and best practices for improving information security.

FISMA provides the framework for securing the Federal government's information technology including both unclassified and national security systems. All agencies must implement the requirements of FISMA and report annually to the Office of Management and Budget and Congress on the effectiveness of their security programs.

OBJECTIVE:

The objective is to conduct an independent evaluation of the NRC's implementation of FISMA for FY 2012.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Information Systems Security Evaluation Over NRC's Regional Offices and the Technical Training Center

DESCRIPTION AND JUSTIFICATION:

FISMA was enacted on December 17, 2002. FISMA permanently reauthorized the framework laid out in the Government Information Security Reform Act, which expired in November 2002. FISMA outlines the information security management requirements for agencies, including the requirement for an annual review and annual independent assessment by agency Inspectors General. In addition, FISMA includes new provisions such as the development of minimum standards for agency systems, aimed at further strengthening the security of the Federal Government information and information systems. The annual assessments provide agencies with the information needed to determine the effectiveness of overall security programs and to develop strategies and best practices for improving information security.

Three of the four regions have relocated its offices since OIG's 2009 audit to assess security measures at the Regions and the TTC. The remaining region will soon be relocating its office as well.

OBJECTIVES:

The objectives are to evaluate the Regions' and TTC's: (1) adequacy of NRC's information security programs and practices; and (2) effectiveness of agency information security control techniques.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Evaluation of NRC's Security Over Social Media

DESCRIPTION AND JUSTIFICATION:

The terms Social Media and Web 2.0 are umbrella terms that refer to the use of Web-based and mobile technologies to turn communication into an interactive dialogue. Through social media, people or groups can create, organize, edit, comment, combine, and share content. Social media can take on many forms, including Internet forums, Twitter, Youtube, Facebook, weblogs, wikis, and podcasts.

NRC initiated the use of publicly-available social media and Web-based interactive technologies, such as blogs, video and photo sharing, and social networks, as another way to enhance public and stakeholder participation in NRC activities and to enable NRC staff to network and interact with professional colleagues.

NRC developed interim guidance on the use of social media on the internal Web site describing how and when NRC staff may use agency assets to engage in social media activities and defining the expectations for conducting such interactions.

OBJECTIVE:

The evaluation objective is to determine if NRC staff are using social media in a secure manner and whether the agency is providing the necessary oversight to facilitate secure use.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Audit of the Information System Security Officer Function

DESCRIPTION AND JUSTIFICATION:

NRC relies heavily on its IT infrastructure and systems to carry out the agency's mission to "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." As a result, risks to these systems have a direct impact on the agency's ability to carry out its mission. As the number and sophistication of cyber attacks grows, so does the likelihood that NRC systems and assets will be susceptible to such attacks.

The Information System Security Officer (ISSO) plays a critical role in addressing and offsetting these risks to NRC systems. The ISSO is at the center of all information system security activities in all stages of a system's life cycle. ISSOs have direct responsibility for protecting a system and its data, and are responsible for ensuring that the system is properly secured in accordance with NRC and federal policies and procedures. The ISSO serves as the principle point of contact for questions about all aspects of a system's security.

OBJECTIVE:

The audit objective is to determine the effectiveness of the ISSO function.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 2:

Enhance NRC's efforts to increase security in response to an evolving threat environment.

Strategy 2-4: Identify evolving threats to NRC security and make recommendations for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

APPENDIX C

CORPORATE MANAGEMENT AUDITS PLANNED FOR FY 2012

Evaluation of NRC's Contract Award Process

DESCRIPTION AND JUSTIFICATION:

It is NRC's policy that the acquisition of supplies and services support the agency's mission; are planned, awarded, and administered efficiently and effectively; and are accomplished in accordance with applicable Federal statutes and procurement regulations. NRC acquisitions must adhere to the Federal Acquisition Regulation (FAR) and the NRC Acquisition Regulation (NRCAR). The Federal acquisition process is intended, among other objectives, to satisfy the customer in terms of cost, quality, and timeliness of the delivered product or service. The vision for the Federal acquisition process is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives.

The Division of Contracts obligated approximately $17.2 million in FY 2009 and $18.5 million in FY 2010 for new contract awards.

OBJECTIVES:

The evaluation objectives are to obtain an understanding of the NRC's contract award process and perform sufficient work to report on the agency's (1) compliance with applicable requirements (e.g., FAR and NRCAR requirements), and (2) identify any opportunities to improve the efficiency and effectiveness of the contract award process to include timeliness and internal controls.

SCHEDULE:

Initiated in the 2nd quarter of FY 2011.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Audit of NRC's FY 2011 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, OIG is required to audit the financial statements of the NRC. The report on the audit of the agency's financial statements is due on November 15, 2011. In addition, OIG will issue reports on:

- Special Purpose Financial Statements.
- Implementation of the Federal Managers' Financial Integrity Act.
- Condensed Financial Statements.
- Compliance with the Improper Payments Elimination and Recovery Act of 2010.

OBJECTIVES:

The audit objectives are to:

- Express opinions on the agency's financial statements and internal controls.
- Review compliance with applicable laws and regulations.
- Review the controls in the NRC's computer systems that are significant to the financial statements.
- Assess the agency's compliance with Office of Management and Budget Circular A-123, Revised, *Management's Responsibility for Internal Control*.
- Assess agency compliance with the Improper Payments Elimination and Recovery Act of 2010.

SCHEDULE:

Initiated in the 2nd quarter of FY 2011.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Audit of NRC's Travel Charge Card Program

DESCRIPTION AND JUSTIFICATION:

NRC's Travel Charge Card Program is part of the Governmentwide *Commercial Charge Card Program* established to pay the official travel expenses of employees while on temporary duty or other official business travel. The program's intent is to improve convenience for the traveler and reduce the Government's costs of administering travel. The Office of Management and Budget has issued guidance that establishes requirements (including internal controls designed to minimize the risk of travel card misuse) and suggested best practices for the Government travel card programs.

During FY 2010, 2,674 NRC employees charged approximately $9 million on travel charge cards, primarily issued to employees as individually billed accounts. Travel cardholders are directly responsible for all charges incurred on their accounts.

The Office of the Chief Financial Officer administers NRC's travel charge card program and controls the use of agency funds to ensure that they are expended in accordance with applicable laws and regulations.

OBJECTIVE:

The audit objective will be to assess whether NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and delinquencies.

SCHEDULE:

Initiate in the 1st quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Survey of NRC's Safety Culture and Climate

DESCRIPTION AND JUSTIFICATION:

In 1998, 2002, 2006, and 2009, OIG contracted with an international survey firm to conduct surveys that evaluated the organizational safety culture and climate of the agency's workforce and identified agency strengths and opportunities for improvements. Comparisons were made to the previous surveys as well as to national and Government norms. In response to the survey results, the agency evaluated the key areas for improvement and developed strategies for addressing them.

A clear understanding of NRC's current safety culture and climate will facilitate identification of agency strengths and opportunities as it continues to experience significant challenges. These challenges include the licensing of new nuclear facilities, disposal of high-level waste, the loss of valuable experience from retirements, operating under continuing resolutions, smaller budgets, and legislation that froze Federal civilian employee pay rates.

OBJECTIVES:

The survey objectives will be to:

- Measure NRC's safety culture and climate to identify areas of strength and opportunities for improvement.
- Compare the results of this survey against the survey results that OIG reported previously.
- Provide, where practical, benchmarks for the qualitative and quantitative findings against other organizations.

SCHEDULE:

Initiate in the 1st quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 7:

Managing human capital.

Audit of NRC's Process for Calculating License Fees

DESCRIPTION AND JUSTIFICATION:

The Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended, requires that NRC recover, through fees assessed to its applicants and licensees, approximately 90 percent of its budget authority [less amounts appropriated from the Nuclear Waste Fund, amounts appropriated for Waste Incidental to Reprocessing activities, and amounts appropriated for generic homeland security activities ("non-fee items")].

To meet the requirements of OBRA-90, as amended, NRC assesses two types of fees – user charges and annual fees. First, under the authority of the Independent Offices Appropriation Act of 1952, NRC assesses user charges to recover costs of providing special benefits to identifiable applicants and licensees. NRC implements user charges for inspection services and licensing actions for the reactor and materials programs under 10 CFR Part 170. Second, annual fees, established in 10 CFR Part 171 under the authority of OBRA-90, as amended, recover generic and other regulatory costs not recovered through 10 CFR Part 170 fees.

On an annual basis, NRC amends the licensing, inspection, and annual fees. The NRC publishes the annual Fee Rule in the *Federal Register*.

OBJECTIVE:

The audit objective will be to determine if NRC has established and implemented management controls to ensure that the license fee calculation process produces timely and accurate fees in accordance with applicable requirements.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Audit of NRC's Information Technology Governance

DESCRIPTION AND JUSTIFICATION:

IT governance as defined describes how those persons entrusted with governance of an entity will consider IT in their supervision, monitoring, control and direction of the entity. How IT is applied within the entity has a significant impact on whether the entity will attain its vision, mission, or strategic goals. The Information Systems Audit and Control Association's *IT Governance Global Status Report – 2008* stressed that there was substantial room for improvement in the alignment between IT governance and overall governance.

NRC must deliver, support and maintain successful IT projects and IT infrastructure to provide services economically, efficiently and effectively. Entities with key roles include NRC's Chief Information Officer, who provides policy direction, leadership and oversight for IT, information management (IM), and information systems security; Computer Security Office, which plans, directs, and oversees the implementation of a comprehensive, coordinated, integrated and cost-effective information technology security program; and Office of Information Services which plans, directs, and oversees the delivery of the centralized IT infrastructure, applications, and IM services, and the development and implementation of IT and IM plans, architecture, and policies.

OBJECTIVE:

The audit objective will be to assess the effectiveness of NRC's current IT governance structure in meeting the agency's current and future IT needs.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Audit of NRC's Budget Execution Process

DESCRIPTION AND JUSTIFICATION:

The Federal budget execution process involves activities related to the use of funds appropriated by Congress. This includes the detailed planning of the use of the funds as well as the control of their use to assure that congressional intent for the use of the funds is preserved. During this process, the NRC Chairman, Chief Financial Officer, allottees, allowance holders, allowance financial managers, and funds certifying officials all share responsibilities for ensuring effective financial management concerning the proper administrative control of funds. NRC's managers must ensure that public funds are used only for authorized purposes, and that the funds are used economically, efficiently, and within prescribed limits.

NRC guidance mandates that agency systems for budget execution and the administrative control of funds adhere to policies, procedures, and standards found in management directives (e.g., 4.2, "Administrative Control of Funds"); Office of Management and Budget Circular A-34, "Instructions on Budget Execution"; as well as other applicable Federal laws and regulations. The Office of the Chief Financial Officer is responsible for the overall control of funds during budget execution. NRC's budget request for FY 2012 is approximately $1.038 billion and 3,981 full-time equivalents.

OBJECTIVES:

The audit objectives will be to determine whether (1) NRC maintains proper financial control over the allotment, allocation, and obligation of appropriated and apportioned funds to ensure compliance with applicable Federal laws, policies, and regulations, and (2) opportunities exist to improve the budget execution process.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Audit of NRC's FY 2012 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, OIG is required to audit the financial statements of the NRC. The report on the audit of the agency's financial statements is due on November 15, 2012. In addition, OIG will issue reports on:

- Special Purpose Financial Statements.
- Implementation of the Federal Managers' Financial Integrity Act.
- Condensed Financial Statements.
- Compliance with the Improper Payments Elimination and Recovery Act of 2010.

OBJECTIVES:

The audit objectives will be to:

- Express opinions on the agency's financial statements and internal controls.
- Review compliance with applicable laws and regulations.
- Review the controls in the NRC's computer systems that are significant to the financial statements.
- Assess the agency's compliance with Office of Management and Budget Circular A-123, Revised, *Management's Responsibility for Internal Control*.
- Assess agency compliance with the Improper Payments Elimination and Recovery Act of 2010.

SCHEDULE:

Initiate in the 2nd quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Audit of the Timeliness of NRC's Process for Closeout and Deobligation of Unexpended Obligations on Agreements with Department of Energy Laboratories

DESCRIPTION AND JUSTIFICATION:

NRC Management Directive 11.7, *NRC Procedures for Placement of Work with the U.S. Department of Energy*, states, "It is the policy of the U.S. Nuclear Regulatory Commission that work placed with the U.S. Department of Energy (DOE) be managed effectively." A previous OIG audit focused on the award, management, and monitoring of projects placed with DOE laboratories. This audit will focus on NRC's processes for closeout and deobligation of unexpended obligations on agreements with DOE laboratories. Because there is no centralized database to track DOE laboratory agreements, the universe of expired agreements awaiting closeout is unknown.

OBJECTIVE:

The audit objective will be to determine whether NRC has established and implemented an effective system of internal control over the processes for timely closeout and deobligation of unexpended obligations on agreements with DOE laboratories.

SCHEDULE:

Initiate in the 2nd quarter FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Evaluation of NRC Oversight of the Agency's Federally Funded Research and Development Center

DESCRIPTION AND JUSTIFICATION:

In October 1987, NRC entered into a 5-year contract with Southwest Research Institute (SwRI) to operate a Federally Funded Research and Development Center (FFRDC) in San Antonio, Texas. SwRI established the Center for Nuclear Waste Regulatory Analyses (the Center) to provide the agency with long-term technical assistance and research related to NRC's High Level Waste program under the Nuclear Waste Policy Act of 1982, as amended. The current contract is expected to expire on September 28, 2012. The current contract ceiling is $123.4 million, which represents one of NRC's largest active contracts. The Commission must decide whether to renew the contract with SwRI for the operation of the Center.

The Federal Acquisition Regulation (FAR) requires that, prior to extending a contract for an FFRDC, a sponsor must conduct a comprehensive review of the use and need of the FFRDC. OIG previously reviewed the nature and adequacy of NRC's renewal justification in 1992, 1997, 2002, and 2007.

OBJECTIVES:

The evaluation objectives will be to determine if (1) NRC is properly considering all FAR requirements for an FFRDC review in preparing its renewal justification, and (2) NRC is adequately fulfilling its oversight responsibilities for the FFRDC in San Antonio.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify other areas of Corporate Management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 6:

Administration of all aspects of financial management and procurement.

Evaluation of NRC's Most Serious Management and Performance Challenges

DESCRIPTION AND JUSTIFICATION:

In January 2000, Congress enacted the Reports Consolidation Act of 2000, which requires Federal agencies to provide an annual report that would consolidate financial and performance management information in a more meaningful and useful format for Congress, the President, and the public. Included in the act is a requirement that, on an annual basis, Inspectors General (IGs) summarize the most serious management and performance challenges facing their agencies. Additionally, the act provides that IGs assess their respective agency's efforts to address the challenges, compare and contrast the new management and performance challenges listing with previous listings, and identify programs and performance areas that "have had questionable success in achieving results."

OBJECTIVES:

The evaluation objectives will be to:

- Identify the most serious management and performance challenges facing the NRC.
- Assess the agency's efforts to address the management and performance challenges.
- Identify any related agency programs that have had questionable success in achieving results.

SCHEDULE:

Initiate in the 3rd quarter of FY 2012.

STRATEGIC GOALS AND STRATEGIES:

Addresses all OIG strategic goals and strategies.

MANAGEMENT CHALLENGE:

Addresses all the management challenges.

Audit of NRC's Safeguards Local Area Network and Electronic Safe System

DESCRIPTION AND JUSTIFICATION:

NRC created a system for the electronic creation, transmission and storage of Safeguards Information (SGI) documents, known as the Safeguards Local Area Network and Electronic Safe (SLES). This system has two components: the Safeguards Information Local Area Network (SGI LAN) and the Electronic Safe (E-Safe). SGI LAN is a local area network with a secure architecture dedicated for use in SGI data processing. E-Safe is a secure electronic data repository for SGI records. SGI LAN provides access to E-Safe. SLES provides a secure network for authorized users to access SGI documents electronically: reduces the volume of SGI document storage space, implements a secure SGI records repository in compliance with National Archives and Records Administration requirements, and enables record and document management of SGI in a centralized electronic document management system.

The minimum NRC security requirements cover the security-related areas for protecting the confidentiality, integrity, and availability of Federal information systems and the information processed, stored, and transmitted by those systems. Starting on October 1, 2011, the Office of Information Services became the system owner for SLES and assumed operations and maintenance responsibility for the system.

OBJECTIVE:

The audit objective will be to determine if SLES meets its operational capabilities and applicable security controls.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 3-1: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 5:

Implementation of information technology and information security measures.

Audit of NRC Training and Development for Safety Oversight

DESCRIPTION AND JUSTIFICATION:

NRC regulates commercial nuclear power plants and nuclear materials, such as nuclear medicine, industrial, and research and development through licensing, inspection and enforcement of regulations. NRC staff perform these oversight activities to assure adequate protection of public health and safety and the environment. Consequently, NRC provides training to staff to improve individual and organizational performance to achieve NRC's mission and performance goals. NRC strives to provide training and development programs for staff in order to:

- Maintain formal qualification requirements.
- Maintain skills need to perform their current job.
- Broaden capabilities to meet future skill needs of the NRC.

For example, staff overseeing materials decommissioning activities must meet minimum qualification requirements and possess the knowledge, skills, and abilities to successfully execute tasks required to adequately oversee materials decommissioning activities. Successful training development programs enhance individual and overall organizational performance.

OBJECTIVE:

The audit objective will be to determine if NRC's overall training process adequately and efficiently prepares staff to perform oversight activities to assure protection of public health and safety and the environment.

SCHEDULE:

Initiate in the 4th quarter of FY 2012.

STRATEGIC GOAL 3:

Increase the economy, efficiency, and effectiveness with which NRC manages and exercises stewardship over its resources.

Strategy 1-3: Identify areas of corporate management risk within NRC and make recommendations, as warranted, for addressing them.

MANAGEMENT CHALLENGE 7:

Managing human capital.

APPENDIX D

INVESTIGATIONS – PRIORITIES, OBJECTIVES, AND INITIATIVES FOR FY 2012

INTRODUCTION

The Assistant Inspector General for Investigations (AIGI) has responsibility for developing and implementing an investigative program that furthers OIG's objectives. The AIGI's primary responsibilities include investigating possible violations of criminal statutes relating to NRC programs and activities, investigating allegations of misconduct by NRC employees, interfacing with the Department of Justice (DOJ) on OIG-related criminal matters, and coordinating investigations and OIG initiatives with other Federal, State, and local investigative agencies and other AIGIs.

Investigations covering a broad range of allegations concerning criminal wrongdoing or administrative misconduct affecting various NRC programs and operations may be initiated as a result of allegations or referrals from private citizens; licensee employees; NRC employees; Congress; other Federal, State, and local law enforcement agencies; OIG audits; the OIG Hotline; and proactive efforts directed at areas bearing a high potential for fraud, waste, and abuse.

This investigative plan was developed to focus OIG investigative priorities and use available resources most effectively. It provides strategies and planned investigative work for FY 2012 in conjunction with the OIG *Strategic Plan*. The most serious management and performance challenges facing the NRC as identified by the Inspector General were also considered in the development of this plan.

PRIORITIES

The OIG will initiate approximately 60 investigations and a limited number of Event/Special Inquiries in FY 2012. As in the past, reactive investigations into allegations of criminal and other wrongdoing will continue to claim priority on OIG's use of available resources. Because NRC's mission is to protect public health and safety and the environment, Investigations' main concentration of effort and resources will involve investigations of alleged NRC staff misconduct that could adversely impact public health and safety related matters.

OBJECTIVES

To facilitate the most effective and efficient use of limited resources, Investigations has established specific objectives aimed at preventing and detecting fraud, waste, and abuse as well as optimizing NRC effectiveness and efficiency. Investigations will focus its investigative efforts in six broad-based areas, as follows, which include possible violations of criminal statutes relating to NRC programs and operations and allegations of misconduct by NRC employees.

INITIATIVES

Safety and Security

- Investigate allegations that NRC employees improperly disclosed allegers' (mainly licensee employees) identities and allegations, NRC employees improperly handled alleger concerns, and NRC failed to properly address retaliation issues involving licensee employees who raised health and safety concerns at nuclear power plants.

- Examine allegations that NRC has not maintained an appropriate "arms length" distance from licensees, particularly in the inspection process.

- Investigate allegations that NRC employees released predecisional, proprietary, or official-use-only information to the nuclear industry that could have had an impact on nuclear power plant operations or interfered with litigation involving agency decisions.

- Investigate allegations that NRC employees had improper personal relationships with NRC licensees and where NRC employees violated governmentwide ethics regulations concerning the solicitation of employment with NRC licensees.

- Interact with public interest groups, individual allegers, and industry workers to identify indications of lapses in NRC regulatory oversight that could create safety and security problems.

- Maintain close working relationships with members of NRC's technical staff to facilitate the flow of information and concerns regarding possible nuclear safety and security issues.

- Conduct a limited number of Event and Special Inquiries into specific events that indicate an apparent shortcoming in NRC's regulatory oversight of the nuclear industry's safety and security programs to determine the appropriateness of the staff's actions to protect public health and safety.

- Proactively review and become knowledgeable in areas of NRC staff regulatory emphasis to identify emerging issues that may require future OIG involvement. Also provide real time OIG assessments of the appropriateness of NRC staff's handling of contentious regulatory activities related to nuclear safety and security matters.

- Determine if material licensees may have exceeded their license authorities and whether NRC failed to provide effective oversight.

- Identify risks associated with the proliferation of nuclear material and nuclear technology.

- Proactively assign resources dedicated to identifying internal and external threats to NRC operations.

- Identify threats and vulnerabilities in the nuclear supply chain.

- Take an aggressive stand to protect NRC's infrastructure against both internal and external computer intrusions by working in close coordination with staff within the Office of Information Services and NRC systems administrators. This will include developing and disseminating intelligence to assist in protecting NRC computer systems and aggressively pursuing suspected computer intrusion incidents.

- Dedicate resources to investigate allegations of NRC programmatic failure to identify risks associated with the medical use of byproduct material.

Corporate Management

- Attempt to detect possible wrongdoing perpetrated against NRC's procurement and contracting and grant program by maintaining a close working relationship with the Office of Administration, Division of Contracts (DC) and cognizant NRC Program Offices. This will include periodic meetings between OIG and DC management officials and a fraud awareness presentation by OIG special agents to DC contract specialists, NRC project managers, NRC project officers, and other identified employees.

- Aggressively pursue investigations appropriate for Program Fraud Civil Remedies Act action, including abuses involving false reimbursement claims by employees and contractors.

- Coordinate with NRC property custodians and the Division of Facilities and Security (DFS) in instances involving theft of computers and other agency equipment.

- Coordinate with DFS regarding accountability issues surrounding property purchased with NRC funds by a contractor or property furnished by the NRC to a contractor.

- Coordinate with the Office of the Chief Financial Officer in instances involving abuse of individual travel cards issued to agency employees as well as purchase cards issued for the procurement of supplies and equipment.

- Coordinate with OIG Audit IAMs in an effort to identify areas or programs with indicators of possible fraud, waste, and abuse.

- Conduct fraud awareness and information presentations for NRC employees regarding the role of NRC OIG.

OIG Hotline

- Promptly process complaints received via the OIG Hotline. Initiate investigations when warranted and properly dispose of allegations that do not warrant OIG investigation.

Freedom of Information Act/Privacy Act

- Promptly process all requests for information received under the Freedom of Information Act. Coordinate as appropriate with the General Counsel to the IG and the Freedom of Information/Local Public Document Room Branch.

NRC Support

- Participate as observers on Incident Investigation Teams and Accident Investigation Teams as determined by the IG.

Liaison Program

- Maintain close working relationships with other law enforcement agencies, public interest groups, and the Congress. This will be accomplished through periodic meetings with AIGIs, pertinent congressional staff, public interest groups, and appropriate law enforcement organizations.

- Maintain a viable regional liaison program to foster a closer working relationship with NRC regional offices.

- Establish and maintain NRC OIG active participation in OIG community fraud working groups, multiagency fraud task forces, and multiagency undercover operations where a nexus to NRC programs and operations has clearly been established.

ALLOCATION OF RESOURCES

Investigations undertakes both proactive initiatives and reactive investigations. Approximately 85 percent of available investigative resources will be used for reactive investigations. The balance will be allocated to proactive investigative efforts such as reviews of NRC contract files, examinations of NRC information technology systems to identify weaknesses or misuse by agency employees, participation in interagency task forces and working groups, reviews of delinquent Government travel and purchase card accounts, and other initiatives.

APPENDIX E

ISSUE AREAS AND DESIGNATED ISSUE AREA MONITORS

ISSUE AREAS AND DESIGNATED ISSUE AREA MONITORS

NUCLEAR SAFETY

NUCLEAR REACTOR SAFETY

Andrea Ferkile
Vicki Foster
Kevin Nietmann
Larry Weglicki
R.K. Wild
Tim Wilson

NUCLEAR MATERIALS SAFETY AND SAFEGUARDS

Levar Cole
Maxinne Lorette
Sherri Miotla
Kevin Nietmann
Michael Zeitler

NUCLEAR WASTE SAFETY

Amy Hardin
Kristen Lipuma
Kevin Nietmann
Jacki Storch
Robert Woodward

SECURITY AND INFORMATION TECHNOLOGY

INFORMATION MANAGEMENT AND SECURITY

Melissa Schermerhorn
Beth Serepca
John Tornabane
Rebecca Underhill

NUCLEAR SECURITY

Michael Blair
Paul Rades
Larry Vaught

CORPORATE MANAGEMENT

FINANCIAL AND ADMINISTRATIVE

Gail Butler
Mary Meier
Eric Rivera
Michael Steinberg
Kathleen Stetson

CONTRACTS AND PROCUREMENT

Terri Cooper
Kathleen Stetson

HUMAN RESOURCES

Gail Butler
Michael Steinberg

INTERNATIONAL PROGRAMS

Terri Cooper
Mary Meier

APPENDIX F

ABBREVIATIONS AND ACRONYMS

ABBREVIATIONS AND ACRONYMS

AIGI	Assistant Inspector General for Investigations
CFR	Code of Federal Regulations
DC	Division of Contracts
DCAA	Defense Contract Audit Agency
DFS	Division of Facilities and Security
DOE	U.S. Department of Energy
DOJ	U.S. Department of Justice
E-Safe	Electronic Safe
EIS	Environmental Impact Statement
FAR	Federal Acquisition Regulation
FFRDC	Federally Funded Research and Development Center
FISMA	Federal Information Security Management Act
FOF	Force on Force
FY	fiscal year
IAM	Issue Area Monitor
IMC	Inspection Manual Chapter
ITAAC	inspections, tests, analyses, and the acceptance criteria
IG	Inspector General
ISSO	Information System Security Officer
IT	information technology
LWR	light-water reactor
NEPA	National Environmental Policy Act
NRC	U.S. Nuclear Regulatory Commission
NRCAR	NRC Acquisition Regulation
OIG	Office of the Inspector General
SDP	Significance Determination Process
SFP	spent fuel pool
SGI	Safeguards Information
SGI-LAN	Safeguards Information Local Area Network
SLES	Safeguards Information Local Area Network and Electronic Safe
SwRI	Southwest Research Institute
UMTRCA	Uranium Mill Tailings Radiation Control Act of 1978