
**OFFICE OF
THE INSPECTOR GENERAL**

**U.S. NUCLEAR
REGULATORY COMMISSION**

Management Audit of Region IV

OIG-03-A-09 February 26, 2003

AUDIT REPORT



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February 26, 2003

MEMORANDUM TO: William D. Travers
Executive Director for Operations

FROM: Stephen D. Dingbaum/**RA**/
Assistant Inspector General for Audits

SUBJECT: MANAGEMENT AUDIT OF REGION IV (OIG-03-A-09)

Attached is the Office of the Inspector General's audit report titled, *Management Audit of Region IV*.

This report reflects the results of our review to assess a wide range of Region IV's technical and administrative activities. Regional action is needed to improve the (1) the validity and reliability of the metrics and reported results, and (2) management controls in several administrative areas including facilities management, information management, and communication.

OIG also conducted interviews with reactor site-based inspectors and region-based inspectors and technical staff. The purpose of the interviews was to gain information for evaluating regional management's support for the full range of regional activities. Overall, the inspectors and technical staff indicated they are able to perform their responsibilities and are generally satisfied with regional office management support. However, the inspectors and technical staff raised specific issues concerning NRC operations. Although OIG made no recommendations on these issues, many will be included in future audits.

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to the four regional reports and this report. The Deputy Executive Director generally agreed with OIG's observations and recommendations and made specific comments where he believed the reports needed clarification. His response is included as Appendix C. We have incorporated the Deputy Executive Director's comments, as appropriate, in the report

If you have any questions, please contact Anthony Lipuma at 415-5910 or me at 415-5915.

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EXECUTIVE SUMMARY

BACKGROUND

Located in Arlington, Texas, the U.S. Nuclear Regulatory Commission's (NRC) Region IV office operates under the direction of the Regional Administrator and covers a 22-State area, including 10 States with nuclear power plants. Region IV also provides oversight for about 609 materials licenses covering medical, academic, industrial, and general uses of radioactive materials. For FY 2002, Region IV had 168 FTE and \$23.9 million to support regional operations.

Region IV uses strategic and performance goals consistent with NRC's mission. These goals fall into four areas: nuclear reactor safety, nuclear materials safety, nuclear waste safety, and corporate management strategies. To monitor its performance relative to these areas, Region IV has an operating plan that identifies specific performance measures, or metrics, which the region strives to accomplish. The region reports its metric data to headquarters in its quarterly operating plan updates. Headquarters and regional managers use metric data to assess regional performance.

During March 2002, the Office of the Inspector General (OIG) reviewed the full range of operations in the Region IV office. Prior to initiating the review, the Office of the Executive Director for Operations' staff advised that they use regional operating plans (including the performance metrics contained therein) as *one* of the primary tools to evaluate regional performance. Therefore, in conducting this work, we primarily used operating plans and performance metrics to assess regional performance. The agency also has other assessment tools to evaluate how it meets its mission-related goals. These other tools include the Reactor Oversight Process and headquarters reviews of specific regional activities such as the allegation program and the operating licensing program. OIG did not examine how the agency uses these tools. However, OIG's Annual Plan for fiscal year 2003 includes an audit of the ROP. We plan to initiate that audit later this year.

PURPOSE

The overall purpose of the audit was to assess the full range of regional operations. To accomplish this objective, OIG (1) assessed whether performance goals and objectives were being met as measured by the performance metrics, (2) assessed whether internal management controls had been instituted to ensure quality of performance, and (3) obtained the views of resident and region-based inspectors and technical staff on regional operations.

RESULTS IN BRIEF

Region IV (1) generally met the metrics for its performance goals in the public health and safety area although a few metrics had data reliability issues; (2) cannot rely solely on metric data to assess performance in its internal operating areas; (3) needs to strengthen management controls over facilities management, information management, and communications; and (4) generally provides adequate support to inspectors and technical staff or has plans underway to correct known problems.

Operating Plan Metrics

Metric data reported in Region IV's FY 2001 fourth quarter operating plan is not consistently valid or reliable. Specifically, 17 of 36 metrics reviewed were unreliable. These problems were due to (1) the lack of quality control procedures to ensure data validity and reliability and (2) poorly developed performance measures. In addition, two of these internal performance metrics did not measure what they were intended to measure. As a result, the usefulness of this information for decision making is limited.

Management Controls

The region is carrying out its internal operating functions and responsibilities, but some management controls need enhancing, especially in the facilities management, information management, and communications areas. In the facilities management area, some of the region's Occupant Emergency Plan procedures are not followed, and the region has no formal physical security plan. In the information management area, Region IV needs to strengthen protection over unclassified systems. In the communications area, the region is missing opportunities to provide valuable, up-to-date information to new employees and stakeholders. Management of the region could be enhanced by strengthening management controls in these areas.

Region IV Inspectors and Technical Staff

Based on interviews with 32 Region IV inspectors and technical staff, they reported that they generally have the required training and resources needed to perform their jobs. However, those interviewed raised questions pertaining to (1) training effectiveness and (2) various technical issues. In addition, resident inspectors consistently identified problems with telephone communications and information technology issues. Region IV has completed the procurement of a new telephone system that is expected to be installed in the near future, and NRC has underway several information technology enhancements for the resident inspectors. Some of the issues raised by Region IV inspectors and technical staff were beyond the scope of this audit and will be addressed in future audits. Consequently, no recommendations were made regarding the issues raised by the inspectors and technical staff.

AGENCY COMMENTS

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to this report. We have incorporated the Deputy Executive Director's comments, as appropriate. The Deputy Executive Director's comments on this report are included as Appendix E.

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ABBREVIATIONS AND ACRONYMS

ADAMS	Agencywide Documents Access and Management System
DRMA	Division of Resource Management and Administration
FOIA	Freedom of Information Act
FTE	full-time equivalent
FY	fiscal year
IRM	Information Resources Management
IRTS	Inspection Report Tracking System
IT	information technology
LTS	License Tracking System
NRC	U.S. Nuclear Regulatory Commission
OEP	Occupant Emergency Plan
OIG	Office of the Inspector General (NRC)
SDP	Significance Determination Process
DPO/DPV	Differing Professional Opinion/Differing Professional View

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I. BACKGROUND

The U.S. Nuclear Regulatory Commission (NRC) regulates the Nation's civilian use of byproduct, source, and special nuclear materials to (1) ensure adequate protection of public health and safety, (2) promote the common defense and security, and (3) protect the environment.

NRC has four regional offices that constitute the agency's front line in carrying out its mission and implementing established agency policies and programs nationwide. The Region IV office operates under the direction of the Regional Administrator and is located in Arlington, Texas, which is about midway between Dallas and Ft. Worth. The region covers a 22-State area, including 10 States with nuclear power plants. There are 29 resident inspectors working at 14 nuclear power plants under Region IV's jurisdiction. Region IV also provides oversight for about 609 materials licenses covering industrial, medical, academic, and general purposes. For FY 2002, Region IV had 168 FTE and \$23.9 million to support regional operations.

Region IV uses strategic and performance goals consistent with NRC's mission. These goals fall into four areas, three of which coincide with the agency's strategic goals: nuclear reactor safety, nuclear materials safety, and nuclear waste safety. Consistent with the NRC Strategic Plan, the region also uses a fourth area, the corporate management strategies, to accomplish strategic and management goals. The region uses operating plans and performance measures — referred to as metrics in this report — to achieve various goals. The region reports this metric data to headquarters quarterly in its operating plans. Headquarters and regional managers use metric data as an indicator of performance in the public health and safety areas. Headquarters also uses this data to assess performance of the region.

Region IV has four divisions covering the public health and safety and internal operating areas. The public health and safety programs and operations are carried out by three divisions — the Divisions of Reactor Safety, Nuclear Materials Safety, and Reactor Projects. These divisions conduct inspection, enforcement, licensing, and emergency response activities for nuclear reactors, fuel facilities, and materials licensees. The Division of Resource Management and Administration (DRMA) conducts internal operating support activities, including time and labor coordination, financial management, facilities management, travel, procurement, information technology, and human resources functions.

Region IV has several years of experience tracking its accomplishments in the public health and safety areas against performance metrics established jointly by headquarters and regional managers. Region IV's fourth quarter operating plan for fiscal year (FY) 2001 contained 64 metrics for these areas.

On its own initiative, Region IV recently began using metrics as performance indicators for its internal operating areas. The region uses these metrics to monitor and improve performance in these areas and reports this information in its operating plan. However, headquarters managers do not require the region to include internal operating metrics in the regional operating plan. Region IV's fourth quarter operating plan for FY 2001 contained 13 such metrics.

During March 2002, the Office of the Inspector General (OIG) reviewed the full range of operations in the Region IV office. Prior to initiating the review, the Office of the Executive Director for Operations staff advised that they use regional operating plans (including the performance metrics contained therein) as *one* of the primary tools to evaluate regional performance. Therefore, in conducting this work, we primarily used operating plans and performance metrics to assess regional performance. The agency also has other assessment tools to evaluate how it meets its mission-related goals. These other tools include the Reactor Oversight Process (ROP) and headquarters' reviews of specific regional activities such as the allegation program and the operating licensing program. OIG did not examine how the agency uses these tools. However, OIG's Annual Plan for fiscal year 2003 includes an audit of the ROP. We plan to initiate that audit later this year.

II. PURPOSE

The overall purpose of the audit was to assess the full range of regional operations. To accomplish this objective, OIG (1) assessed whether performance goals and objectives were being met as measured by the performance metrics, (2) assessed whether internal management controls had been instituted to ensure quality of performance, and (3) obtained the views of resident and region-based inspectors and technical staff on regional operations. Appendix A provides additional information on the audit's scope and methodology.

III. FINDINGS

Problems exist in the methods used by Region IV to collect and report on metric data. This is because the region lacks effective, specific instructions, policies, or procedures for compiling, reviewing, and reporting metric data. Region IV (1) generally met the metrics reviewed by OIG for its performance goals in the public health and safety area, although a few metrics had data reliability issues; (2) cannot rely on metric data to assess performance in its internal operating area; (3) needs to strengthen some management controls in its support functions; and (4) generally provides adequate support to inspectors and technical staff or has plans underway to correct known problems. In addition, inspectors interviewed for this audit identified areas of potential improvement that the region should consider in its future planning.

A. OPERATING PLAN METRICS

Performance data reported in Region IV's FY 2001 fourth quarter operating plan is not reliable¹ and/or not valid for 17 of the 36 metrics reviewed. Only 4 of the 23 public health and safety measures reviewed contained reliability problems. The internal operating performance measures consistently contained reliability problems and two had validity problems as well. The following table provides a summary of the performance metrics reviewed.

Summary of Metrics Reviewed					
Type of Performance Goal	Number of Metrics in the Operating Plan	Number of Metrics Reviewed	Problems Identified		
			Not Reliable	Not Valid	Not Valid and Not Reliable
Public Health and Safety	64	23	4	0	0
Internal Operating	13	13	11	0	2
Totals	77	36	15	0	2

The problems identified during this audit were due to (1) the lack of quality control procedures to ensure data reliability, e.g., lack of documentation to support metric calculations and (2) poorly developed performance measures. As a result, agency decision makers cannot rely on operating plan information to evaluate program effectiveness, make resource allocation decisions, or evaluate the performance of program managers. Details of the reliability and validity problems follow. Appendix B lists the metrics reviewed by OIG and Appendix C provides narrative descriptions pertaining to each metric OIG found problematic.

Reliability

Reliability was undermined by (1) inaccurate or inconsistent use of data and (2) the lack of documentation to support metric calculations. These problems were caused by the lack of quality control procedures in Region IV for compiling, reviewing, and reporting performance results. These functions are delegated to the individuals that report results for their respective areas. The process, therefore, relies primarily on individuals, rather than a documented methodology for reporting data. Although Region IV staff could often explain how they developed the performance data, the data analysis was not always reliable. Consequently, performance data for 17 of the 36 metrics reviewed in Region IV's operating plan was not reliable.

¹ *Reliability* pertains to the quality of the data, i.e., that the information is complete, accurate, consistently collected, and verifiable. *Validity* pertains to whether the metric is appropriate for the performance measure, i.e., that the metric is measuring what it is intended to measure.

Inaccurate Data

Seven metrics contained inaccurate data calculations or were based on inconsistent use of source data.

- Baseline inspection program (Appendix B, metric 3). Region IV inaccurately reported that it met the metric for the 1-year inspection cycle that ended March 31, 2001. NRC's inspection manual describes the baseline inspection program as the *minimum* inspection oversight that should be conducted at each plant. The baseline inspection program is composed of approximately 40 procedures, each with a specified frequency and some that can only be performed when the plant is shut down. Auditors reviewed baseline inspection records pertaining to 3 of the region's 14 power plants and identified one case where an inspector inappropriately took credit for an observation during an earlier inspection and, consequently, incorrectly reported that a procedure had been completed. By not completing just one inspection procedure, Region IV missed its target for completing the *minimum* NRC inspection oversight requirement; however, the region reported that it met its annual goal of conducting 100 percent of its baseline inspections.
- Timeliness of vacancy announcements (Appendix B, metric 32). Region IV inaccurately reported that it exceeded its performance measure to post 90 percent of its vacancy announcements within 5 business days of receiving approval from the division requesting the action. During FY 2001, on average, 70 percent of the vacancy announcements were posted on time — not 100 percent as reported in the operating plan.
- Timeliness of travel voucher processing (Appendix B, metric 24, and Appendix C). Regional staff inconsistently computed the processing time for travel vouchers. The criteria for meeting the 5-day processing time is to count the workdays from the date the travel voucher was signed by the Director, DRMA, to the date the voucher was audited in the travel section. However, some processing calculations were made from the date received in DRMA (not signed by the Director), and some included weekends. Furthermore, some vouchers did not contain enough information to determine the processing time. Consequently, goal achievement may be higher or lower than what was reported in Region IV's operating plan.

The four other metrics that had inaccuracy or inconsistency issues are discussed in Appendix C.

Lack of Supporting Documentation

Region IV did not maintain documentation to support metric calculations for at least 11 performance measures. Documentation is a basic quality control procedure. It should be complete and accurate and should facilitate tracing the transaction or event and related information. Documentation should be purposeful and useful to managers in controlling their operations and to others involved in analyzing

operations or decision making. Without adequate documentation, senior management does not know if metric data is reliable and can be used for making meaningful decisions. Specific examples concerning the lack of documentation follow.

- Requisition processing metric (Appendix B, metric 26). Region IV staff compiled the supporting data by manually counting the number of transactions processed and determining whether the processing exceeded 30 days. Using the same methodology, neither OIG nor regional staff could replicate the original results. Consequently, the region may not be correctly reporting the results of operations in this area.
- Action items metric (Appendix B, metric 27). DRMA staff could not produce the source documents to support its assertion that 97 percent of action items were closed timely during the third quarter of FY 2001. An action item is correspondence received by the Regional Administrator that requires a response from a division or other office. Regional guidance outlines responsibilities for tracking action item completion, however, procedures do not exist for documenting and reporting completed action items. The regional staff used several different procedures for determining the number of action items that were closed during specific quarters and then verbally communicated this information to the Financial Resource Management Branch. Regional staff did not maintain any written documentation to support these verbal reports. Therefore, Region IV staff was unable to substantiate the accuracy of the data.

The nine other metrics that did not have adequate documentation to support the performance measure are discussed in Appendix C.

Validity

Two metrics were not adequately designed to capture the attributes they were intended to measure.

- Employee benefits and personnel action metrics (Appendix B, metrics 30 and 31, and Appendix C) were not adequately designed to capture the timeliness and accuracy attributes. While each metric contains accuracy and timeliness goals (e.g., process 90 percent accurately, meeting payroll deadline), the region reported success as a single percentage rather than breaking out the percentages for accuracy and timeliness. The problem is that the benefits and personnel actions might be inaccurate but timely, or accurate but untimely. With only one data point, these metrics do not provide valid data on the measure intended and should be broken into two metrics. In addition, regional staff could not provide support for either of these metrics.

Summary

Region IV's metric data is not consistently reliable and in two instances the performance measure itself was not valid. While the problems are more pronounced in the internal operating areas, some public health and safety metrics also had problems with data reliability. Region IV did not have quality control procedures in place to ensure data reliability, and did not maintain documentation to support metric calculations. The validity problems appear to be caused by poorly designed metrics. As a result, agency decision makers cannot rely on this information to evaluate program effectiveness, make resource allocation decisions, report accomplishments to Congress, or to measure the performance of program managers.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

1. Develop and implement quality control procedures to ensure that metric data is valid and reliable.
2. Maintain documentation to support metric data reported in Region IV operating plans.

B. MANAGEMENT CONTROLS

The region fulfills its internal operating functions and responsibilities, but some management controls need enhancing. The administrative staff accounts for property; processes payroll, travel, and requisitions; and conducts various information resources management and human resources functions. During the course of this audit, a number of management control issues regarding facilities management, information management, and communications emerged. Management of the region could be enhanced by strengthening management controls to ensure quality of performance.

Management Controls Over Facilities Management

Overall, Region IV appears to be managing its facility effectively. The region reports and follows up on issues related to building management and workplace conditions. However, the region's Occupant Emergency Plan (OEP) procedures are not followed, and the region has no physical security plan. Without addressing these issues, the region could experience future problems.

Occupant Emergency Plan

Region IV's OEP reflects a good and proactive emergency response process that will allow employees to exit safely in an emergency. However, current practices are inconsistent with the guidance stated in the plan. The plan states that all Region IV employees and contractors assigned to the Arlington office are

required to review the OEP annually and submit a training attendance form indicating they have done so. This policy is currently not being implemented. In addition, the plan states that personnel who are assigned OEP duties and responsibilities in the organization will take training in accordance with a training plan developed by the training officer. This, too, is not the case.

In addition, medical emergency procedures must be better communicated. Any individual sitting at the receptionist's desk is expected to call 911 when a staff member announces a medical emergency over the public address system, but the main receptionist was unaware of this expectation and there was no visible instruction in the receptionist's area concerning this responsibility. Additionally, the region has a volunteer first-response medical team that responds to medical emergencies. However, the team's role is undocumented in the OEP, or elsewhere; therefore, employees may not be aware of the region's protocol for responding in an emergency.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

3. Update the Occupant Emergency Plan or regional practices so that policy and practice are the same.
4. Add the 911 responsibility to the regional emergency card and post it at the receptionist's desk.
5. Add information concerning the first-response medical team into the Occupant Emergency Plan or document the team's role elsewhere.

Physical Security Plan

Region IV lacks an overall security plan describing physical security procedures at the region's facility. Without adequate documentation, it can be difficult to transfer job responsibilities from one staff member to another when, for example, a staff member retires or is otherwise unavailable. This recently occurred in Region IV. A staff member with security responsibilities retired and regional successor staff did not fully understand their responsibilities. In addition, documenting security procedures in a physical security plan can help to ensure that all staff are generally familiar with regional security procedures.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

6. Write a Region IV security plan, describing measures used to protect employees and the facility.
7. Document security procedures to facilitate reassignment of duties or to be used if the primary person is unavailable.

Management Controls Over Information Management

Overall, the region is carrying out its information management function; however, the region needs to strengthen protection over unclassified systems.

System Processing Unclassified Safeguards Information

Region IV needs to modify its security measures to adequately protect sensitive information processed on its standalone system. Requirements include the assignment of a System Security Officer and the preparation of a System Security Plan for systems that process classified information, unclassified safeguards information, and sensitive unclassified information. Because the responsible Region IV official is unfamiliar with this requirement, the region has not assigned a System Security Officer or prepared a System Security Plan for the security of its standalone system that processes unclassified safeguards information. The absence of security controls over Region IV's system used to process unclassified safeguards information increases the risk and harm that could result from the loss, misuse, or unauthorized access to information resources.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

8. Assign a System Security Officer for the security of the standalone system used to process unclassified safeguards information.
9. Prepare a System Security Plan for the security of the standalone system used to process unclassified safeguards information.

Management Controls Over Region IV Communications

Region IV staff is missing opportunities to provide valuable, up-to-date information to its stakeholders, often because there is no formal guidance or because the region is not following the established guidance. Information is the key resource that links managers with staff, the organization, and other stakeholders — enabling people to do their jobs and to work cooperatively and efficiently in a coordinated manner. Challenges facing Region IV in communications pertain to new employee orientation and public meetings.

New Employee Orientation

Improvement is needed in Region IV's new employee orientation. New employee orientation is used to acquaint new staff members with NRC and its operations. Region IV has no formal guidance or policy on what its new employee orientation should include or how often the information should be updated. During orientation, the regional administrator or his agent administers the oath of office to new employees, and staff provide new employees with a multitude of forms and several informational documents. However, new

employees are not given information covering topics such as NRC's Differing Professional Opinion/Differing Professional View (DPO/DPV) process, the Office of the Inspector General, or the National Treasury Employees' Union. Furthermore, Region IV is providing new employees with an *NRC Employee Handbook* that is dated September 1988. The handbook is out of date and contains inaccurate information. As a result, new employees are not receiving the appropriate information needed to become familiar with NRC.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

10. Develop and implement guidance for a thorough, up-to-date employee orientation process.
11. Immediately discontinue the use of the *NRC Employee Handbook* dated September 1988.

Public Meeting Policies

NRC policies require the agency to provide feedback forms at public meetings. In addition, Region IV policies require regional staff to develop and distribute summaries of most public meetings. One regional division does not consistently follow these policies. Specifically, the division (1) does not provide feedback forms at public enforcement conferences and (2) did not develop a meeting summary for the one large public meeting it sponsored during 2001.

Division managers said that they do not provide feedback forms at public enforcement conferences because the public rarely attends. Furthermore, they do not prepare meeting summaries because the outcomes are documented in enforcement summaries. With respect to the large public meeting in FY 2001, one manager believed that a summary was not required for that meeting.

By not providing feedback forms and meeting summaries after some public meetings, Region IV is not following agency and regional requirements and is missing opportunities to enhance communications with its stakeholders.

RECOMMENDATIONS

OIG recommends that the Region IV Administrator:

12. Implement public meeting policies routinely.
13. Document exceptions in regional policy.

C. INTERVIEWS WITH REGION IV INSPECTORS AND TECHNICAL STAFF

OIG interviewed 32 Region IV inspectors (15 of 28 resident or senior resident inspectors and 17 region-based inspectors and technical staff). Details of the interviews can be found in Appendix D. The following briefly summarizes comments and concerns in three areas. OIG followed up on several concerns and those results are noted below. Appendix D, *Region IV Interview Results*, provides a breakdown of responses to OIG questions. Some issues raised by the inspectors were beyond the scope of this audit and will be addressed in future audits. Consequently, no recommendations were made regarding issues raised by the Region IV inspectors and technical staff.

Training

- Training administration has improved in recent years.
- Technical training provides knowledge about how a technology works but does not provide sufficient guidance regarding how to inspect the technology. Training should focus more on what inspectors do.
- The region could provide additional support in ensuring that required training is obtained. Specifically, staff said the region could notify inspectors of upcoming training requirements and provide assistance in scheduling classes.

Technical

- Region IV management generally provides timely responses to technical questions and is responsive to suggestions for improvement.
- Headquarters responses to technical questions are not timely. Headquarters is currently evaluating this issue.
- Inspections should be better focused.
- The Senior Reactor Analyst position has suffered from turnover and has been undermanned.

Administrative

- Administrative services meet the needs of the inspectors and technical staff.
- The NRC telephones at the plant sites have been problematic.

OIG determined that Region IV has purchased new phones to be installed at the plant sites in the near future. The capabilities of the new phones should address the concerns expressed.

- Remote access to the NRC computer system has been problematic.
- A number of resident inspectors have experienced printing problems.
- Computers at plant sites are too old.
- Laptop computers are too cumbersome.
- Computer support at plant sites can be a problem.

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IV. CONSOLIDATED LIST OF RECOMMENDATIONS

OIG recommends that the Regional Administrator, Region IV:

1. Develop and implement quality control procedures to ensure that metric data is valid and reliable.
2. Maintain documentation to support metric data reported in Region IV operating plans.
3. Update the Occupant Emergency Plan or regional practices so that policy and practice are the same.
4. Add the 911 responsibility to the regional emergency card and post it at the receptionist's desk.
5. Add information concerning the first-response medical team into the Occupant Emergency Plan or document the team's role elsewhere.
6. Write a Region IV security plan, describing measures used to protect employees and the facility.
7. Document security procedures to facilitate reassignment of duties or to be used if the primary person is unavailable.
8. Assign a System Security Officer for the security of the standalone system used to process unclassified safeguards information.
9. Prepare a System Security Plan for the security of the standalone system used to process unclassified safeguards information.
10. Develop and implement guidance for a thorough, up-to-date employee orientation process.
11. Immediately discontinue the use of the *NRC Employee Handbook* dated September 1988.
12. Implement public meeting policies routinely.
13. Document exceptions in regional policy.

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V. OIG RESPONSE TO AGENCY COMMENTS

On January 27, 2003, the Deputy Executive Director for Reactor Programs provided a response to this report. The Deputy Executive Director generally agreed with OIG's observations and recommendations and made specific comments where he believed the report needed clarification. The response includes the Deputy Executive Director's transmittal letter, and the specific comments on this report and is included as Appendix E. We have incorporated the Deputy Executive Director's comments, as appropriate, in the report.

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SCOPE AND METHODOLOGY

The overall purpose of this audit was to review the full range of regional operations and for the OIG to identify issues unique to the NRC regional offices — specifically Region IV for this review. NRC's Region IV office is located in Arlington, Texas.

The audit team reviewed relevant criteria such as Region IV's Operating Plan for FY 2001, Regional Office Policy Guides, and Management Directives. Furthermore, the audit team reviewed 36 of the 77 metrics that Region IV had in its operating plan for FY 2001. OIG (1) identified and evaluated the policies for these metrics; (2) assessed the management controls used to compile, review, and report results; and (3) determined whether the region had documented evidence to support the reported results. OIG also examined the policies, management controls, and operational processes, and drew conclusions regarding the adequacy of regional oversight for programs associated with communications, facilities management, physical security, and information management.

To supplement the information obtained from reviewing program performance data, OIG also interviewed 32 Region IV inspection and technical staff members. The interviews included 17 region-based staff (such as health physicists, project engineers, and region-based inspectors) and 15 resident and senior resident inspectors stationed at 8 nuclear power plants within Region IV's boundaries. The interviews consisted of 28 questions to gain the staff's perspectives regarding the adequacy of training programs, the extent that managers provide support to staff in technical areas, the adequacy of administrative support, and relationships with licensees. OIG also gave staff the opportunity to surface other issues of importance that were not specifically addressed through the interview questions.

Throughout the review, the audit team was aware of the possibility of fraud, waste, or misuse in regional programs. OIG conducted the regional audits from March 2002 to June 2002 in accordance with Generally Accepted Government Auditing Standards.

The major contributors to this report were Cathy Colleli, Shyrl Coker, Vicki Foster, Judy Gordon, Russ Irish, Corenthis Kelley, Debra Lipkey, Tony Lipuma, Bill McDowell, Sherri Miotla, Bob Moody, Yvette Russell, Beth Serepca, Michael Steinberg, Kathleen Stetson, Rebecca Underhill, and Steve Zane.

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Region IV Metrics
(Fiscal Year 2001 Operating Plan)
Reviewed During OIG Audit (March 2002)

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
1	Outputs	(Operator Licensing) Examinations at facilities.	Meet licensee's demand (approximately 10 examinations/yr) with no docketed exceptions.			
2	Quality	(Operator Licensing) Written examination not invalidated due to preventable post exam changes.	No invalidated exams.			
3	Outputs	(Reactor Inspection) Extent of baseline program completion at each operating power reactor annually.	100% of procedures completed at end of cycle (Q1: On track, Q2: 100%, Q3: On track, Q4: On track).	√		
4	Outputs	(Reactor Inspection) Assessments of plant performance for each licensee on a periodic basis including mid-cycle and end-of-cycle assessment. Agency Action Meeting. End-of-cycle public meeting.	Twice per year. Annually. Held annually within required timeframe.			

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
5	Quality	(Reactor Inspection) % or number of examiners and inspectors who are current with their refresher training.	95% of inspectors and examiners.			
6	Quality	(Reactor Inspection) Number of instances where identity of allegor is not adequately protected.	0			
7	Timeliness	(Enforcement) Average number of days to issue all escalated enforcement cases.	90% of all cases are issued within an average of 90 days. 100% of all cases are issued within an average of 120 days.			
8	Productivity	(Reactor Inspection) Hours (FTE) charged for direct inspection effort on baseline inspections divided by total baseline hours per region and per site. Overtime contribution to direct inspection effort.	0.5 (Tracking only) <10% (Tracking only)			

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
9	Timeliness	(Reactor Inspection) ARB meetings held within 30 days. Average time to complete review of allegation technical concerns. Acknowledgment letters in 45 days. Acknowledgment letters in 30 days.	100% <180 days 100% 90%			
10	Timeliness	(Reactor Inspection) Issuance of inspection reports.	90% routine within 30 days. 90% team within 45 days.	$\sqrt{2}$		
11	Timeliness	(Operator Licensing) Issuance of examination reports.	90% routine within 45 days.			
12	Quantity	(Reactor Inspection) Senior management site visits to obtain feedback.	Each site receives a visit by SES managers at a minimum once per year.			

²Data compiled using inconsistent date information (see page 32).

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
13	Quantity	Safety inspections of uranium recovery facilities: Complete 80 percent of the inspections planned annually. Non-operating sites will be inspected at 3-year intervals, sites in the reclamation will be inspected at 2-year intervals and operating sites will be inspected 2 times per year. The frequency of inspections at operating facilities may be adjusted based on performance.	Complete approximately 19 inspections in FY 2001. Q1: 2, Q2: 4, Q3: _, Q4: 19 total.			

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
14	Timeliness	Materials licensing: Complete 80% of the reviews of applications for new materials licenses and license amendments within 90 days.	≥80% of new application and amendment reviews completed in ≤90 days.	√ ³		
		Percentage of new and amendment licensing actions completed within 1 year.	Complete all new and amendment licensing actions within 1 year of receipt.			
15	Timeliness	Materials licensing: Complete 80% of the reviews for license renewals within 180 days.	≥80% of renewals completed in <180 days.	√ ³		
		Percentage of renewal licensing actions completed within 2 years.	Complete all renewal licensing actions within 2 years of receipt.			
16	Timeliness	Safety inspections of materials licensees.	Complete core inspections with less than 10% overdue as defined in Inspection Manual Chapter 2800.			
17	Quality	Number of enforcement actions successfully disputed based on requirement interpretation, facts previously available or application of Enforcement Policy.	<4 denials on the docket.			

³Data compiled using inconsistent date information (see page 33).

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
18	Timeliness	Uranium recovery, fuel cycle, and materials licensees: Timeliness of allegation reviews.	Average time to complete review of allegations concerning all types of materials licensees or certificates and their contractors, measured from receipt of allegation to date of closure of allegation, is 180 days. Average 180 day turnaround does not include those allegations involving wrongdoing.			
19	Efficiency and Effectiveness	Uranium recovery, fuel cycle, and material licensees: Receptive to all allegations. Properly guards identity of alleged. Relays allegations to appropriate management officials. Conducts ARB meetings and implements procedures in MD 8.8.	Implements guidance in MD 8.8. Evaluated through quarterly and annual audit results.			
20	Quality	Uranium recovery, fuel cycle, and material licensees: Allegation follow-up appropriately captures and responds to each issue raised.	90% of cases reviewed as determined by Agency Allegation Advisor Audit.			
21	Quality	Uranium recovery, fuel cycle, and material licensees: Number of instances where identity of alleged is not adequately protected.	0			
22	Timeliness	Uranium recovery, fuel cycle, and material licensees: Average number of days to issue all escalated enforcement cases.	Average time to issue cases is within 90 days (Q2 change). 100% of all cases are issued within an average of 120 days.			

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
23	Timeliness	<p>ARB meetings held within 30 days.</p> <p>Average time to complete review of allegation technical concerns.</p> <p>Acknowledgment letters in 45 days.</p> <p>Acknowledgment letters in 30 days.</p>	<p>100%</p> <p><180 days</p> <p>100%</p> <p>90%</p>			
24	Timeliness	Timeliness of processing travel vouchers.	Process 95% of vouchers within 5 workdays of receipt.	√		
25	Effectiveness	Accuracy of processing travel vouchers.	No more than 3% verified errors per quarter.	√		
26	Timeliness	Processing requisitions and purchase orders.	Process 90% within 30 days.	√		
27	Timeliness	Provide regional action items to management in a timely manner.	Close 90% of regional action items on date specified.	√		
28	Timeliness	Freedom of Information Act estimates are processed within established timeframes.	Process 90% of estimates within 3 business days.	√		
29	Timeliness	Freedom of Information Act responses are processed within established timeframes.	Complete 90% of responses within 10 business days.	√		

No.	Metric	Description	Goal	Problems Identified		
				Not Reliable	Not Valid	Not Valid and Not Reliable
30	Effectiveness	Employee Benefits (FEGLI/FEHB/TSP/Retirements).	Process 90% accurately meeting payroll deadline.			√
31	Timeliness and Effectiveness	Processing of personnel actions.	Process 90% of actions without errors within payroll deadline.			√
32	Timeliness	Timely posting of career opportunity announcements.	Post 90% of announcements within 5 business days of receipt of approval from the division.	√		
33	Timeliness	Establish rating panels within set guidelines after announcement closes.	Establish 90% of panels within 5 business days of announcement closing.	√		
34	Timeliness	Issuance of selection certificates.	Issue 90% of selection certificates within 5 business days of receipt of certification from rating panel/official.	√		
35	Effectiveness	Network and server availability (7 a.m. - 5 p.m., 7 days a week except holidays and scheduled maintenance.)	Maintain 99% availability during described times.	√		
36	Timeliness	IT help desk tickets are closed within established timeframes.	Close 90% of help desk tickets within 3 days.	√		
36	Totals			15	0	2

DETAILS OF PROBLEMS IDENTIFIED WITH OPERATING PLAN METRICS

Metric 3: Baseline Inspection Program Tracking System Contained Inaccurate Data

NRC's inspection manual describes the baseline inspection program as the minimum inspection oversight that should be conducted at each plant. The baseline inspection program is composed of approximately 40 procedures, each with a specified frequency and some that can be performed only when the plant is shut down. Auditors compared baseline inspection records, pertaining to 3 of the region's 14 power plants, to inspection tracking system reports. In one instance, an inspector inappropriately took credit for an observation during an earlier inspection and, consequently, incorrectly reported in the tracking system that a procedure had been completed. By not completing just one inspection procedure, Region IV missed its target for completing the minimum NRC inspection oversight requirement; however, the region reported that it met its annual goal of conducting 100 percent of its baseline inspections.

Metric 10: Inspection Report Timeliness Metric Used Inconsistent Data

Regional staff use the Inspection Report Tracking System (IRTS) to monitor the timeliness of issuing reactor inspection reports. NRC guidance distinguishes what date (i.e., resident inspectors use the last day of inspection; region-based inspectors use the exit meeting date) should be used for calculating inspection report due dates in IRTS. Region IV staff, however, stated that exit meeting dates trigger the starting point for establishing due dates for all inspection reports. As a result, where these two dates differed, NRC's guidance was inaccurately applied in 75 percent or more of the files reviewed. For example, for the eight second quarter FY 2001 routine inspection reports where the dates differed, six used the incorrect field when calculating due dates. Similarly, 14 of the 17 team/integrated inspection reports issued in the fourth quarter used the wrong date when the dates differed. Nevertheless, Region IV still met the timeliness metric for the quarters reviewed.

Metrics 14 and 15: Timeliness of Materials Licensing Actions Metrics Used Inconsistent Data

NRC established metrics to ensure timely processing of licensing requests from existing and potential licensees. Region IV uses the License Tracking System (LTS) to track and measure these activities. Based on the results of a judgmental sample of 41 licensing actions, there was no indication that the reported results were inaccurate. However, auditors noted inconsistencies in the dates input into LTS. That is, start and completion dates used to calculate timeliness did not consistently come from the same type documents. This inconsistency made it questionable whether one of the sampled cases met its target.

Metric 24: Timeliness of Travel Voucher Processing Metric Used Inaccurate Data

The criteria for meeting the 5-day processing time is to count the workdays from the date the travel voucher was signed by the Director, Division of Resource Management and Administration, to the date the voucher was audited in the travel section. However, some processing calculations were made from the date received in DRMA (not signed by the Director) and some included weekends. Furthermore, some vouchers did not contain enough information to determine the processing time. Consequently, goal achievement may be higher or lower than what was reported in Region IV's operating plan.

Metric 25: Accuracy of Processing Travel Vouchers Metric Lacked Documentation

This effectiveness goal is measured by the number of complaints received or corrections made by headquarters. The region had no log, analysis, or other documentation to support its contention that no complaints or corrections were received.

Metric 26: Requisition Processing Metric Lacked Documentation

Region IV staff compiled the supporting data by manually counting the number of transactions processed and determining whether the processing exceeded 30 days. Using the same methodology, neither OIG nor regional staff could replicate the original results. Consequently, the region may not be correctly reporting the results of operations in this area.

Metric 27: Action Items Metric Lacked Documentation

DRMA staff could not produce the source documents to support its assertion that 97 percent of action items were closed within the specified time frame during the third quarter of FY 2001. An action item is correspondence received by the Regional Administrator that requires a response from a division or other office. Regional guidance outlines responsibilities for tracking action item completion, however, procedures do not exist for documenting and reporting completed action items. The regional staff used several different procedures for determining the number of action items that were closed during specific quarters and then verbally communicated this information to the Financial Resource Management Branch. Regional staff did not maintain any written documentation to support these verbal reports. Therefore, Region IV staff was unable to substantiate the accuracy of the data.

Metrics 28 and 29: FOIA Estimate and Response Metrics Lacked Documentation

The accuracy of Region IV's metrics regarding Freedom of Information Act (FOIA) estimates and responses cannot be substantiated because the region's FOIA files, which contain source documents, do not include the dates on which FOIA estimates and responses were completed. While Region IV maintains a log that reflects completion dates for FOIA estimates and responses, OIG was unable to verify the accuracy of the dates from the files.

Metrics 30 and 31: Employee Benefits and Processing of Personnel Actions Were Not Valid Performance Measures and Lacked Documentation

Employee benefits and personnel action metrics were not adequately designed to capture the timeliness and accuracy attributes. While each metric contains accuracy and timeliness goals (e.g., process 90 percent accurately, meeting payroll deadline), the region reported success as a single percentage rather than breaking out the percentages for accuracy and timeliness. The problem is that the benefits and personnel actions might be inaccurate but timely, or accurate but untimely. With only one data point, these metrics do not provide valid data on the measure intended and should be broken into two metrics. In addition to the validity problems, regional staff could not provide support for either of these metrics.

Metric 32: Timeliness of Vacancy Announcements Metric Contained Inaccurate Data

Region IV inaccurately reported that it exceeded its performance measure to post 90 percent of its vacancy announcements within 5 business days of receiving approval from the division requesting the action. During FY 2001, on average, 70 percent of the vacancy announcements were posted on time — not 100 percent as reported in the operating plan.

Metric 33: Rating Panels Metric Lacked Documentation

Region IV was unable to provide support that it met its timeliness metric on establishing rating panels to be used for all vacancies at the GG-12 level and above and all supervisory positions. Of the 30 vacancy announcements posted in FY 2001, documentation showing that rating panels had been established was available for only 7 of the merit promotion files.

Metric 34: Selection Certificates Metric Lacked Documentation

Region IV did not have documentation to support its claim that it met its timeliness metric on issuing selection certificates. Region IV claimed that, overall, 100 percent of its selection certificates were issued within 5 business days of receipt from the rating panel or rating official in FY 2001. Of the 30 vacancy announcements posted in FY 2001, only 3 merit promotion files documented the date that the final certificate was issued from the rating panel or rating official and the date that the selection certificate was sent forward to the selecting official. As a result, there is no way to determine if the region met its target for each quarter in FY 2001.

Metric 35: Network and Server Availability Metric Lacked Documentation

This effectiveness metric was established to measure the network and server availability. The goal was to maintain 99-percent availability from 7 a.m to 5 p.m., 7 days a week. The region presents the metric as being met 100 percent of the time for all four quarters. OIG could not determine whether the data reported was accurate because no documentation was available. An Information Resource Management (IRM) staff member stated he did not know the source of the metric input data because a prior contract staff member had compiled the information and did not communicate where the information was obtained. The IRM staff member does not know what is measured but believes that it is common sense that the network is almost always available.

Metric 36: IT Help Desk Metric Contained Inaccurate Data and Lacked Documentation

This metric is intended to measure timeliness of IT help desk responses. The region's goal is to close 90 percent of the help desk tickets within 3 days. Region IV's FY 2001 operating plan presents this metric as having met or exceeded the goal for the four quarters, however, the metric cannot be relied upon to measure the timeliness with which help desk tickets are resolved. The calculation considers closed tickets that were opened in the reporting quarter, and excludes tickets whose resolution spans from one quarter to the next. Furthermore, staff are permitted to change open dates on pending tickets, which, they believe, allows them to reflect more accurately how much time was spent to fix the problem. A manager stated they are only looking for a general percentage to determine if they met their goal, not an exact count, which is why they do not count all of the tickets. The manager acknowledged that although he is looking only for general responsiveness, the metric is reported as an exact percentage. In addition, inadequate documentation was maintained to support the calculations for this metric.

REGION IV INTERVIEW RESULTS

BACKGROUND

As part of the Region IV management audit, OIG conducted 32 interviews with 15 reactor site-based inspectors and 17 region-based inspectors and technical staff. Reactor site-based employees consisted of resident inspectors and senior resident inspectors, while region-based employees were made up of reactor inspectors, project engineers, operations engineers, and health physicists. The purpose of the interviews was to help OIG gain information to evaluate regional management's support for one of the region's primary missions — the reactor oversight process.

DESCRIPTION

OIG developed this appendix from information obtained during the Region IV interviews. Of the 28 questions asked, 25 had *yes*, *no*, or *not applicable* as possible answers. A *not applicable* response is not included with the results shown for each question, except for question 15.

OIG allowed those interviewed to provide explanations for their answers and/or caveats for clarifying their responses. From these 28 questions, OIG performed analysis of the responses. The questions were also divided into categories: training (1-5), technical (6-10), administrative (11-23, 28), and licensee management (24-27). The answers were first categorized based on location (region- or reactor site-based). OIG did this because it was believed that resident and region-based inspectors might have different perspectives. OIG then separated the answers into three categories: positive (denoted by green in the chart), negative (denoted by red), and conditional (denoted by yellow). Conditional responses contained positive and negative aspects, with additional explanations provided by the inspectors. A positive response could be measured with "yes" or "no" answers, depending on the nature of the question. This also applied to negative responses.

In developing the charts that follow, OIG believed it would be helpful to provide exemplars of the types of comments provided by the interviewees in the explanations for their answers and/or caveats for clarifying their responses. The horizontal bars in the charts always appear in the following order from top to bottom: green (positive response), yellow (conditional response), and red (negative response).

Question 1: Is the region ensuring you receive all required training: If no, why?

- Region is not responsible for tracking training; rather it is left up to individual.
- Courses are not offered in the time frame needed.
- No guidance was provided for signing up for classes.
- No management oversight.
- Region management will inform you only when you are overdue for training.

Question 2: Are you receiving the correct training needed to accomplish your job? If no, why, and what additional training is needed?

- Need to have more training in the conduct of inspection procedures.
- Want more formal training in ethics, inspection process, and procedures.
- Superficial training in sexual harassment, nuclear medicine, and brachytherapy.
- New employee faces too much information too fast; needs more emphasis on what's important.
- Instructors need to gear training to inspectors.
- Would like more computer and technical training.

Question 3: Do you receive training on time? If no, why?

- Would like training courses to be provided more frequently.
- Individual has to make sure training is scheduled.
- Keep getting bumped from the same courses.
- Training schedule comes out late in the year; have to fit training in around inspections.
- Computer training for new systems needs to be implemented when the system is implemented.
- No emphasis on completing all of the training processes.

Question 4: Is there a pattern of rescheduling for training? If yes, why?

- Courses postponed for lack of enrollment.
- Rescheduling for a course that is hard to obtain.
- Rescheduling due to business reasons deemed to have higher priority.
- New MC 1245 reduces the number of courses available and references courses not yet available.
- Because up to the individual, not all training requirements are met.

Question 5: Are there any other training issues for which you have concerns? If yes, what are they?

- Want to be able to take courses in different areas, “cross training.”
- Would like to have inspector meetings to discuss common issues.
- Two weeks is not enough time to allow for some training, i.e., heat exchangers.
- Would like more information on classes in catalogs, e.g., when and costs.
- Courses not being offered.
- Want Chattanooga’s Technical Training Center to stay put due to location.
- “Equivalent” training leads to people not being as well informed in certain areas.
- Training is just another week on the road for inspectors.

Question 6: Does the region provide timely responses to your request for technical assistance? If no, why?

- Headquarters is slow in responding to issues.
- Senior reactor analysts are in short supply.
- Availability of specialists slows down inspections.

Question 7: Do aspects of the inspection process need to be improved? If yes, what are they?

- Seem to inspect for numbers, not safety significance.
- Inspection schedule is up to person, has not received any training in scheduling.
- Significant Determination Process needs significant improvement, more training required.
- Inspection process requires personal insight, but has not received training in this area.
- Reports are filtered with “bare bones” information.
- Inspection program contains estimated time, which is not accurate.
- Programs are not clear in expectations.
- The week-long inspection module is unrealistic as it does not provide enough time, e.g., travel for 2 of 5 days.
- Power Reactor Inspection Reports are dismal.
- Revised oversight process needs fine tuning.
- Inspections need to be more focused.

Question 8: Have you suggested these improvements to your supervisor? If no, why?

- Supervisor doesn't have the authority to make changes.
- Asked inspectors questions, received vague answers back.
- "Not an important battle to pick."
- Suggestions did not get far on re-engineering fuel cycle inspections.

Question 9: Did your supervisor respond to your suggested improvements? If no, why?

- Headquarters is deficient in telling the status of a request.
- Accept the program as it is.
- Still waiting for some responses.
- No resolution from supervisor.

Question 10: Are there any other technical assistance issues that need to be addressed? If yes, what are they?

- Better information flow from headquarters.
- SDP process could improve.
- Problem keeping senior reactor analyst and resident inspector positions filled.
- More training on inspection procedures.
- Reactor oversight process needs review.
- Hard to search on the internal Web, search engines are not consistent.
- Manpower is light.
- Past work experience should be considered for training needs.
- Technical program people provide slow responses.

Question 11: Do you receive timely reimbursement for travel expenses? If no, why?

- Takes a while to get reimbursements from headquarters.
- At sites even slower; have to mail vouchers and wait.

Question 12: Do the various regional office administrative functions meet your needs? If no, why?

- Travel staff have made frequent mistakes.
- Excessive number of policies.
- STARFIRE quadrupled the amount of paper.
- Being at a site is difficult; it takes too long to get response.
- Poor telephone system.

Question 13: Do you have enough information technology equipment to do your job? If no, why not?

- ADAMS is a problem.
- Not enough computer training.
- Resident offices get the “throw away” equipment.
- Software problems.

Question 14: Are there any computer/software problems that require resolution? If yes, what are they?

- Want smaller laptops.
- Takes a long time to get requested software.
- Trouble printing.
- STARFIRE is slow or not available.
- Remote sites have a support dilemma.
- Upgrades do not always work out.

Question 16: Does your computer have adequate links to headquarters/the region for your work purposes? If no, why?

- CITRIX is a problem, too slow, kicks people off the system.
- Laptops are cumbersome.
- When upgrades are performed, the network gets slower and slower.

Question 17: Does the telephone system provide adequate communication for your work? If no, why?

- Phones are too complicated.
- Resident site phones are not adequate.
- Phone rings on incoming side twice before it rings at resident site.
- New installation a disaster; no one found out their needs.
- No multi-line capability.
- Voice mail is too complex.

Question 18: Are there other administrative assistance issues that should be addressed? If yes, what are they?

- Must drive to town to pick up mail at a P.O. box; no site delivery.
- Training handled poorly; hard to get grades.
- Printing issues; banner prints with e-mail, cannot print forms, too much paper wasted with STARFIRE.
- Shouldn't have to tell supervisor when applying for a job at headquarters.
- Relocation bonuses for others besides resident inspectors.
- Feel it is hard to get a GS-14, because of the ceiling.

Question 19: Do other aspects of regional office operations need to be improved? If yes, what are they?

- Improved communication between management and staff.
- Human Resources runs a little slow.
- Each regional administrator should not have produced their own policy guides.
- Periodic notices, updates on all personnel policies.
- Timekeeping.
- Slow computers and training.
- Travel needs to be improved.

Question 20: Do you have any major problems in completing your job? If yes, why?

- Manpower at sites.
- A lot of time is spent training and helping new inspectors.
- Too many competing priorities.
- Escalated enforcement takes too much time.
- Problems with the SDP.
- Keep an eye on things that are not part of the job; collective bargaining, security.
- Turnover in senior reactor analyst positions.
- Job driven by a lot of outside forces.

Question 21: Can the region/NRC do more to improve your effectiveness? If yes, what?

- IT tools such as laptops and Palm Pilots.
- Reimbursement policies discourage taking more college courses.
- SDP too cumbersome.

Question 22: Are there any other areas upon which regional management needs to improve to help do your job more effectively? If yes, what?

- Clear understanding of everyone's jobs and duties.
- Fix IT issues, provide more laptops.
- Inspectors need more input in decision making.
- STARFIRE doesn't seem to be most effective way; too many description lines.
- Management second guesses staff input.
- Training resources are scarce.

Question 23: Is the Differing Professional View/Differing Professional Opinion process working correctly? If no, why?

- Perception is that filing a DPV can be harmful to one's career.
- Should not have to go through Regional Administrator on issues outside his control.
- Filed a DPO to headquarters and now headquarters has not been responsive.

Question 26: Is your region responsive to licensee concerns and issues? If no, why?

- Sometimes too responsive.
- Licensees at times try to drive the process.

Question 27: Does regional management assist you, as needed, when you cannot resolve issues with plant management? If no, why?

- No issues.

Question 28: Are there other areas where management needs to provide you with more information/support in order to perform your duties? If yes, what?

- Looking for continuity in management.
- Never had a good understanding of what the job required.
- Rotation requested for development was denied.
- Library needs work and too much relied on the Internet.
- Job is too formal, only look at bottom line, not the grey area.

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AGENCY COMMENTS

January 27, 2003

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits

FROM: William F. Kane **/RA/**
Deputy Executive Director for Reactor Programs

SUBJECT: DRAFT OFFICE OF THE INSPECTOR GENERAL REPORTS ON
MANAGEMENT AUDITS OF NRC'S REGIONAL OFFICES

This memorandum provides the staff's written comments on the subject draft reports, in accordance with your email transmittal dated December 17, 2002. We appreciate the opportunity to comment on these reports.

In general, we agree with many of your observations and recommendations and have already implemented various improvements and are planning others. We have a number of comments on areas in the reports that we feel require revision or further clarification. Specific comments on individual reports are provided in the attachment to this memorandum.

We are available to answer any questions you may have about our comments and to work with your staff to provide additional clarification, as appropriate. Please contact Melinda Malloy at (301) 415-1785 for assistance.

Attachment: As stated

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STAFF COMMENTS ON OIG'S DRAFT REPORTS ON MANAGEMENT AUDITS OF NRC'S REGIONAL OFFICES

General

1. NRC managers assess their management controls consistent with Management Directive and Handbook 4.4, "Management Controls," and the General Accounting Offices's "Standards for Internal Controls." Is the basis for the OIG's discussions on management controls in the audit reports consistent with the direction and guidance in Management Directive and Handbook 4.4?

Draft Audit Report, "Headquarters Action Needed On Issues Identified From the Office of the Inspector General's Management Audits of Regional Offices"

1. Page iii, Results in Brief, Operating Plan Metrics.
We believe that the last sentence before the section on Management Controls overstates the problem, and suggest that it be revised to read as follows:

"By exercising only limited oversight of the regions' administrative metrics, headquarters is missing an opportunity to **strengthen** ~~provide guidance, leadership, and performance assessment~~ **guidance** for the regions' management and support functions."

2. Page 1, Section I, Background.
The 3rd sentence of paragraph 3 identifies the regions' Division of Resource Management and Administration (DRMA) activities to include payroll. Regional DRMA activities include Time and Labor, but not full payroll duties. In addition, DRMA is responsible for several other functions. Therefore, we recommend that this sentence be revised as follows:

"The Division of Resource Management and Administration (DRMA) conducts internal operating support activities including **time and labor coordination, financial management,** facilities management, travel, ~~payroll,~~ **procurement, information technology,** and human resource functions."

It should be noted that there is a similar statement on pages 1 or 2 in Section I of the individual regions' reports, and the statements are inconsistent among reports. We recommend that they be revised to ensure consistency with the summary report and among the individual regions' reports.

3. Page 8, Section III.A, Operating Plan Metrics, Public Health and Safety Metrics.
The 3rd sentence of the 1st full paragraph states that NRC's inspection manual discusses completion of the baseline inspection program as the estimated number of inspection hours to be expended and/or a minimum sample of items or occurrences to be inspected. This statement is not factually correct. NRC's Inspection Manual Chapter 2515 states that the estimate of inspection hours included in each inspection procedure (IP) is for

resource planning only. These hours refer to the estimated average times to complete the inspections for cornerstone areas at dual-unit sites, and are not goals, standards, or limitations. They are included in the IPs to assist in planning resource allocations and are revised periodically, based on experience. Inspectors should inspect the number of samples specified by the baseline IPs because the baseline program provides the insights necessary to assess performance, with performance indicators, in each cornerstone of safety.

Since initial implementation of the inspection program, the program office has emphasized that an IP is completed when all inspection requirements stated in the procedure have been performed, i.e., the minimum number of samples have been inspected. We recognize that this might not have been fully understood and, therefore, have reemphasized this information in a memorandum dated July 16, 2002, from Bruce Boger, NRR to Deputy Regional Administrators (see ML0201920501).

We recommend that this paragraph of the report be clarified by revising it as follows:

“Regional managers stated that they have received limited guidance on definition of terms, results presentation, procedures for data collection and computations, and expectations for quality control. For example, while the operating plans requires that each region report on the extent of completion of the baseline inspection program, ~~headquarters does not define “completion”~~ **the conditions for completion of a procedure may not have been completely understood. Even though NRC’s inspection manual and individual procedures provide guidance for determining procedure** ~~discusses completion, as the estimated number of inspection hours to be expended and/or a minimum sample of items or occurrences to be inspected~~ **one region assesses completion based on hours, while another region assesses completion based on sample size.** Regional managers expressed confusion about which of these two attributes to apply, and some believe it is a combination of the two.”

4. Page 10, Section III.A, Operating Plan Metrics, Public Health and Safety Metrics. In the 1st full paragraph before the section on Summary, the 3rd, 4th, and 5th sentences give the impression that all senior managers in headquarters have little or no interest or involvement in regional management and support activities, which is not the case. In fact, the OIG found several administrative areas to be operating effectively with the current level of oversight. (See page 11, discussion at the beginning of section III.B on Management Controls.) We think it would be more appropriate to replace these sentences with the following:

“There is wide variance among the regions in the use of operating metrics for administrative activities.”

Draft Audit Report, “Management Audit of Region I”

1. Page 1, Section I, Background.
The last sentence of the 3rd paragraph, which describes the functions performed by the region’s Division of Resource Management, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General’s Management Audits of Regional Offices.”

Draft Audit Report, “Management Audit of Region II”

1. Page i, Executive Summary, Background and Page 1, Section I, Background.
The 1st paragraph on page i indicates that the Region II office operates and covers a 9 State area. A similar statement appears in the 2nd paragraph of page 1. The Region II office actually covers a 10 State area. Part of the confusion may be in the fact that Region IV has regulatory oversight for the Grand Gulf nuclear power plant, which is in the State of Mississippi, but the Region II office maintains regulatory oversight for all other uses of radioactive materials and of the Agreement State program for the State of Mississippi. These sections should be revised accordingly to reflect this information.
2. Page 1, Section I, Background.
The 3rd paragraph, which describes the structure of the region’s strategic and performance goals consistent with the NRC’s mission, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Management Audit of Region III.”
3. Page 2, Section I, Background.
The sentence beginning on line 2, which describes the functions performed by the region’s Division of Resource Management and Administration, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General’s Management Audits of Regional Offices.”
4. Page 5, Section III.A, Operating Plan Metrics, Inaccurate Data
The last two sentences of the 1st bullet state:

“Moreover, OIG’s review identified two additional inspection procedures that were not completed at one of the sampled plants. The region was not aware these procedures were not completed.”

During the region’s review of the draft report findings, it was determined that these sentences do not appear to be correct. The two inspection procedures (IPs) identified to the region by the OIG audit team (IPs 71122.01 and 71130.04 at Oconee) were not required to be completed. Both are biennial procedures and were not required to be completed for the inspection cycle ending March 31, 2001. For the next cycle, ending December 31, 2001, they were chosen as part of the procedures to not complete, which was allowed by the program office requirement of completing only 60 to 80 percent of the procedures. Subsequent to the OIG audit, the cognizant regional Branch Chief indicated

he was aware that these procedures were not completed, however, he was not available during the OIG audit of this area. We request that the report be revised to reflect this new information.

5. Page 9, Section III.B, Management Controls, Management Controls Over Information Management.
The last sentence in the section on Systems Processing Classified and Unclassified Safeguards Information indicates that as a result of not specifically assigning a System Security Officer or preparing a specific System Security Plan, there is an absence of security controls over Region II's systems. While we agree with the report's conclusions and recommendations that the controls should be enhanced (e.g., there is not a specific security officer for the standalone systems processing and not a specific security plan for the standalone systems), it is incorrect to state that there are no controls over Region II's systems. Region II does have a Security Officer assigned for processing classified information and a Regional Office Security Plan, which covers processing of classified and unclassified safeguards information, including by the use of standalone systems.

Draft Audit Report, "Management Audit of Region III"

1. Page 1, Section I, Background.
The 4th sentence of the 2nd paragraph incorrectly lists the number of resident inspectors assigned to Region III as 34. Region III has 35 resident inspectors—32 at power reactor facilities and 3 at the gaseous diffusion plants. We recommend that this sentence be revised to read as follows:

“When fully staffed, there are 35 ~~34~~ resident inspectors working at 16 nuclear power plants and two gaseous diffusion plants under the region's jurisdiction.”

2. Page 1, Section I, Background.
The 3rd paragraph, 3rd sentence identifies corporate management strategies as a fourth area, which appears to indicate that this area is unique to the region and outside of the Strategic Plan. For clarification, we recommend that this sentence be revised as follows:

“Consistent with the NRC Strategic Plan, the region also uses ~~has~~ a fourth area ~~called, the~~ corporate management strategies, to accomplish strategic and performance goals.”

It should be noted that there is a similar statement on page 1 Section I of the reports for Regions II and IV. We recommend that these statements also be revised.

3. Page 2, Section I, Background.
The sentence beginning on line 2, which describes the functions performed by the region's Division of Resource Management, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, “Headquarters Action Needed On Issues Identified From the Office of the Inspector General's Management Audits of Regional Offices.”

4. Page 5, Section III.A, Operating Plan Metrics, and Page 29, Appendix B, Region IV Metrics.
The sections on Inaccurate Data (page 5) and Metric 3: Baseline Inspection Metric Reported Inaccurately (page 29) have the same wording to describe an error with the region's inspection procedure completion records. The current writeup would lead one to believe that the inspection procedure (IP) was not completed at the time of the audit, which is not correct. The IP was completed on June 30, 2001, after the end of the inspection cycle (i.e., March 31, 2001) at the Davis-Besse facility (reference Inspection Report 50-346/01-10). Consequently, we recommend changing the last three sentences of both of these sections to read as follows:

"Auditors reviewed baseline inspection records pertaining to 3 of the region's 16 nuclear power plants and identified one case where a required ~~and planned~~ inspection procedure was not completed **as planned before the end of the inspection cycle**. Regional staff were unaware that the inspection procedure in question was not completed **until June 30, 2001**. By not completing just one inspection procedure **before the end of the inspection cycle**, Region III missed its target for completing the *minimum* NRC inspection oversight requirement; however, the region reported that it met its ~~annual~~ goal of conducting 100 percent of its baseline inspections **during the inspection cycle ending March 31, 2001.**"
5. Page 13, Section III.C, Interviews with Region III Inspectors and Technical Staff.
The 1st sentence of the 1st paragraph identifies that the OIG interviewed 19 of 32 resident or senior resident inspectors and 15 of 33 region-based inspectors and technical staff. These numbers appear to be inconsistent with Region III's staffing plan. Region III currently has 35 resident inspectors assigned to its sites as noted in item 2. Additionally, the region has over 90 region-based inspectors and technical staff (current count is 94 plus 8 interns). This includes the technical staff in Division of Reactor Safety (DRS), Division of Reactor Projects (DRP), Division of Nuclear Materials Safety (DNMS), and the Enforcement and Investigation Coordination Staff. Therefore, we recommend that the first sentence of Section III.C be revised to either account for the total population of region-based inspectors and technical staff or better define the population of 33 as a subset of the total population.

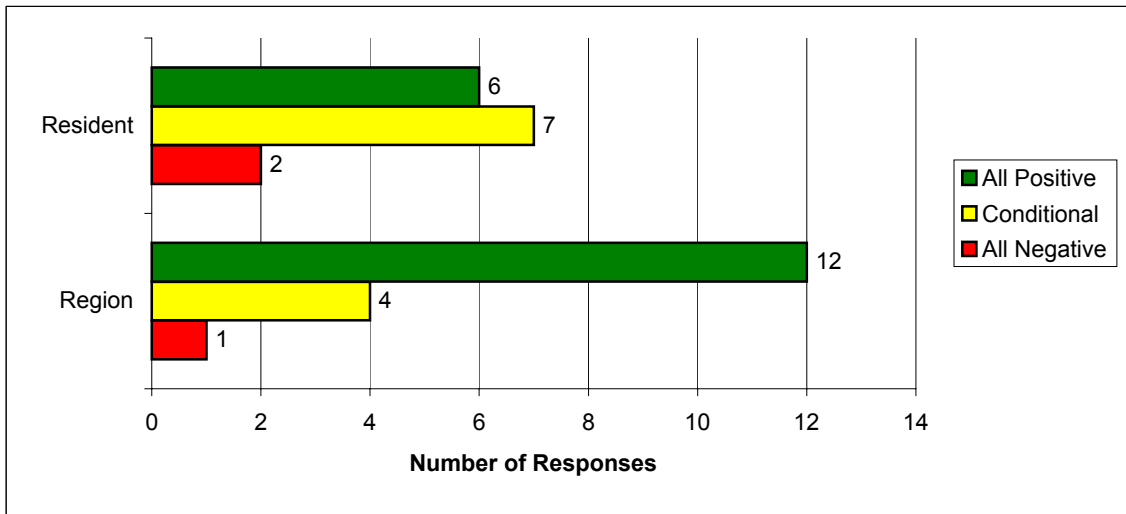
Draft Audit Report, "Management Audit of Region IV"

1. Page 1, Section I, Background.
The 3rd paragraph, which describes the structure of the region's strategic and performance goals consistent with the NRC's mission, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, "Management Audit of Region III."

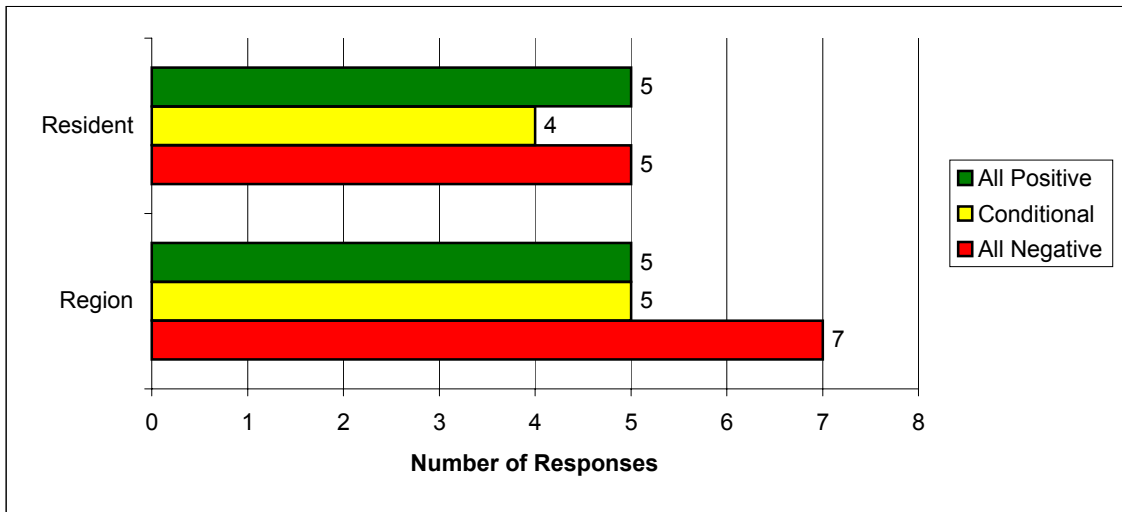
2. Page 2, Section I, Background.
The last sentence of the 3rd paragraph, which describes the functions performed by the region's Division of Resource Management and Administration, should be revised as discussed in item 2 in the specific comments on Draft Audit Report, "Headquarters Action Needed On Issues Identified From the Office of the Inspector General's Management Audits of Regional Offices."

REGION IV INTERVIEW RESULTS

Question 1: Is the region ensuring you receive all required training? If no, why?

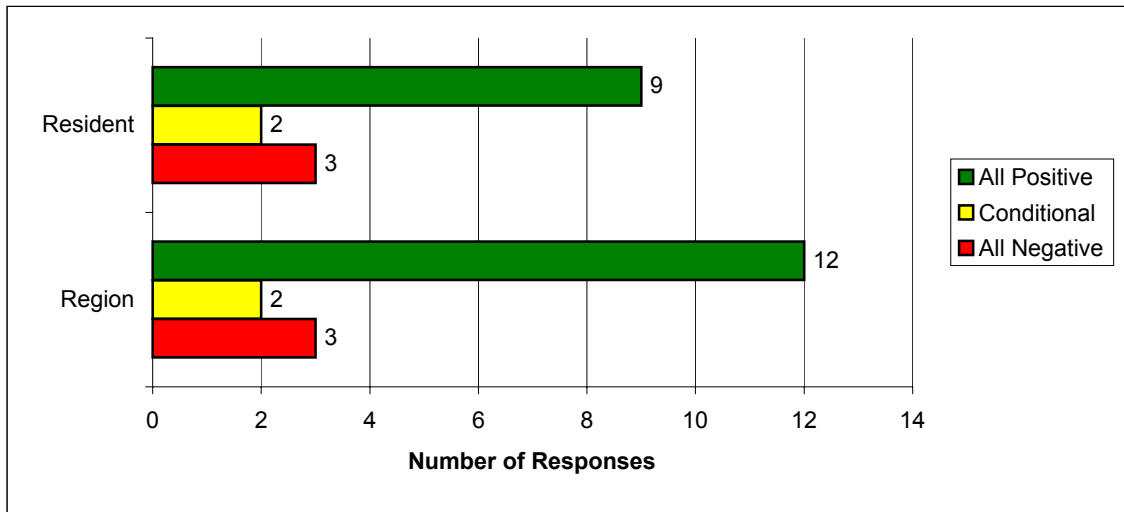


Question 2: Are you receiving the correct training needed to accomplish your job?
If no, why, and what additional training is needed?



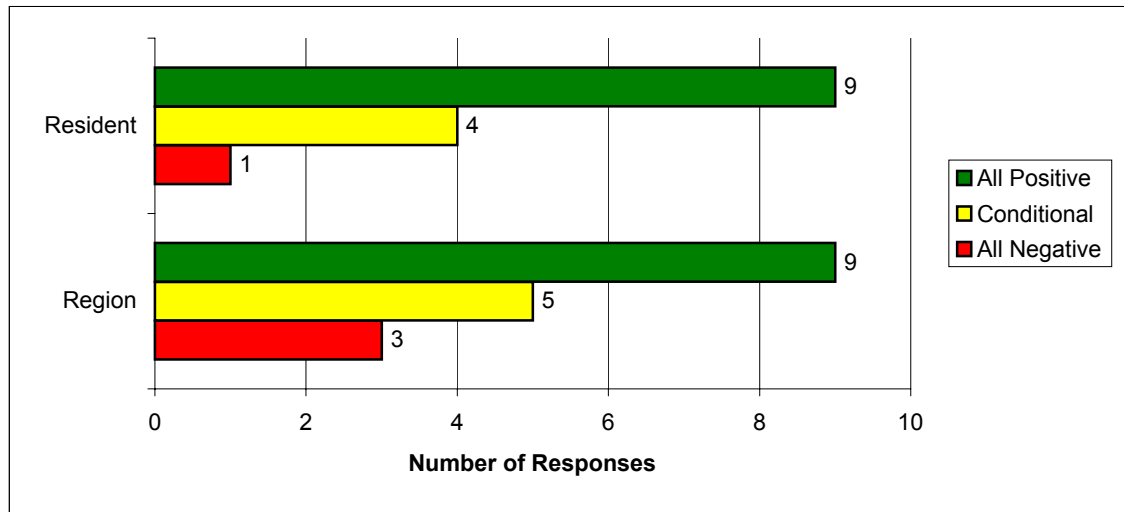
REGION IV INTERVIEW RESULTS

Question 3: Do you receive training on time? If no, why?



Question 4: Is there a pattern of rescheduling for training? If yes, why?

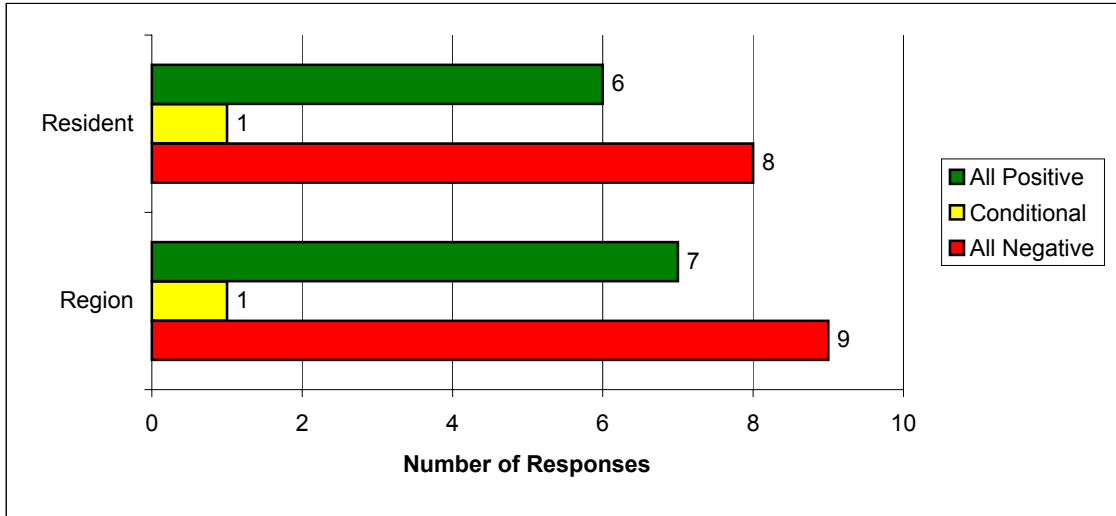
Note: In this situation, a yes answer denotes a negative response (measured in red).



REGION IV INTERVIEW RESULTS

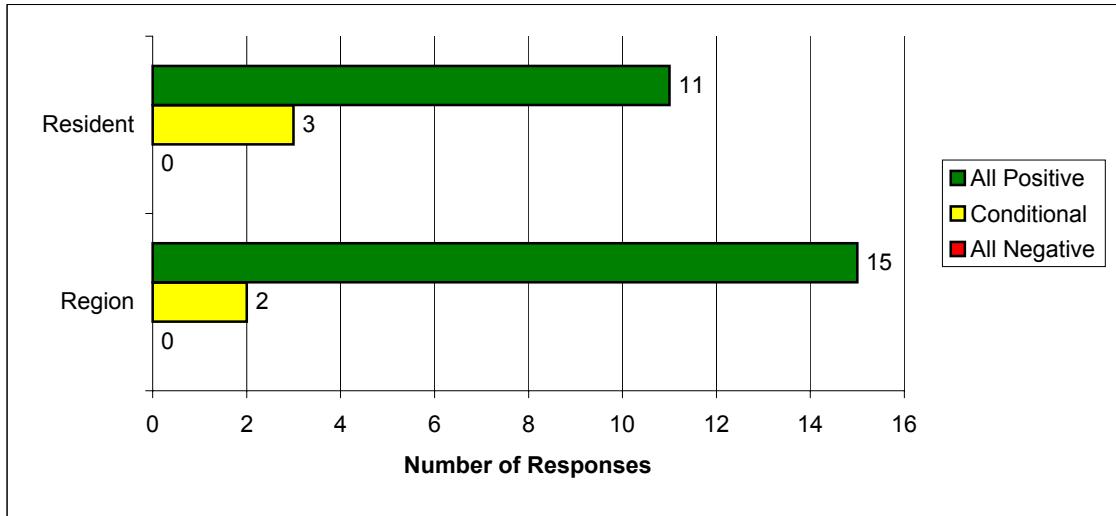
Question 5: Are there any other training issues for which you have concerns? If yes, what are they?

Note: In this situation, a yes answer denotes a negative response (measured in red).



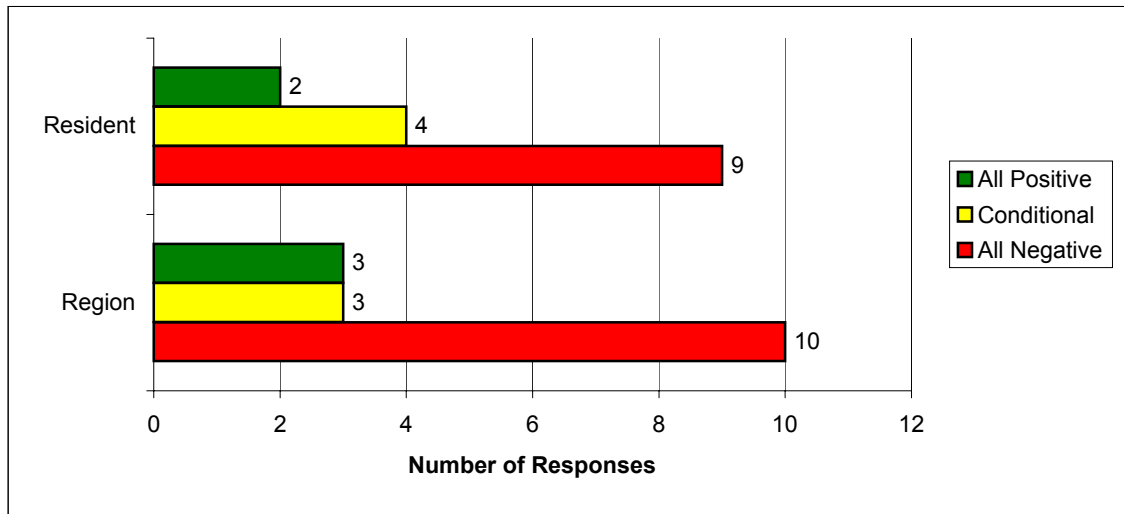
REGION IV INTERVIEW RESULTS

Question 6: Does the region provide timely responses to your requests for technical assistance? If no, why?



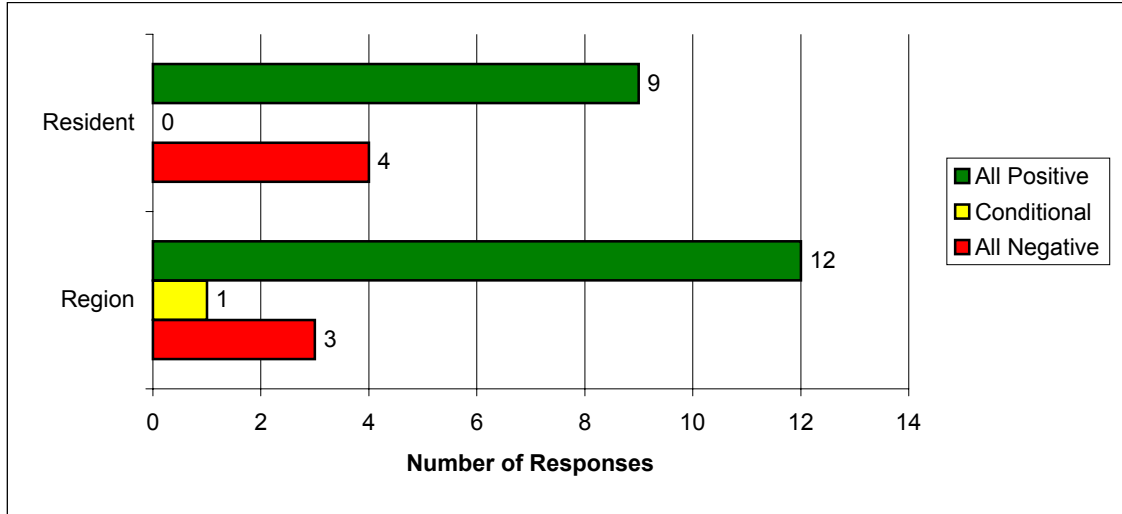
Question 7: Do aspects of the inspection process need to be improved? If yes, what are they?

Note: In this situation, a yes answer denotes a negative response (measured in red).

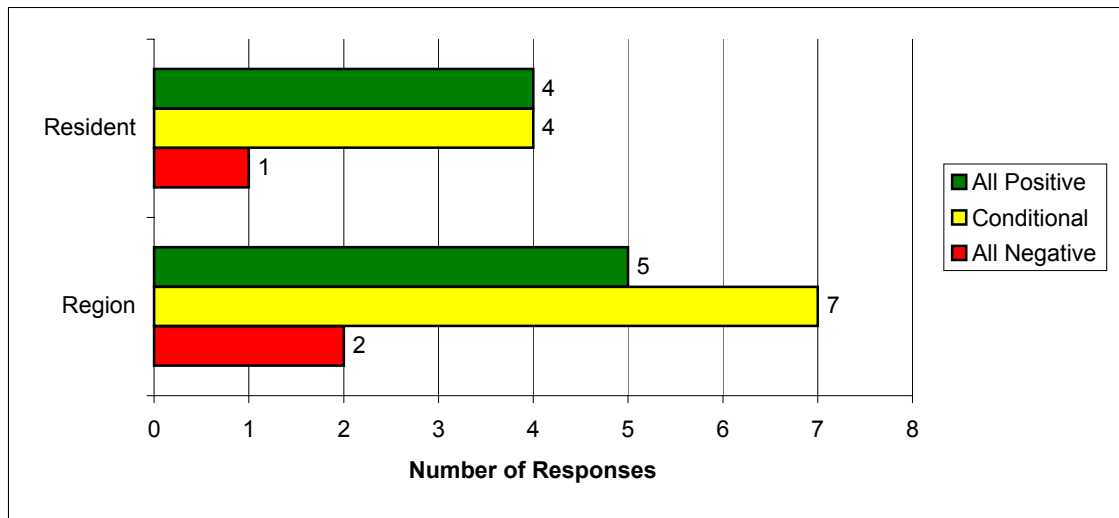


REGION IV INTERVIEW RESULTS

Question 8: Have you suggested these improvements to your supervisor? If no, why?



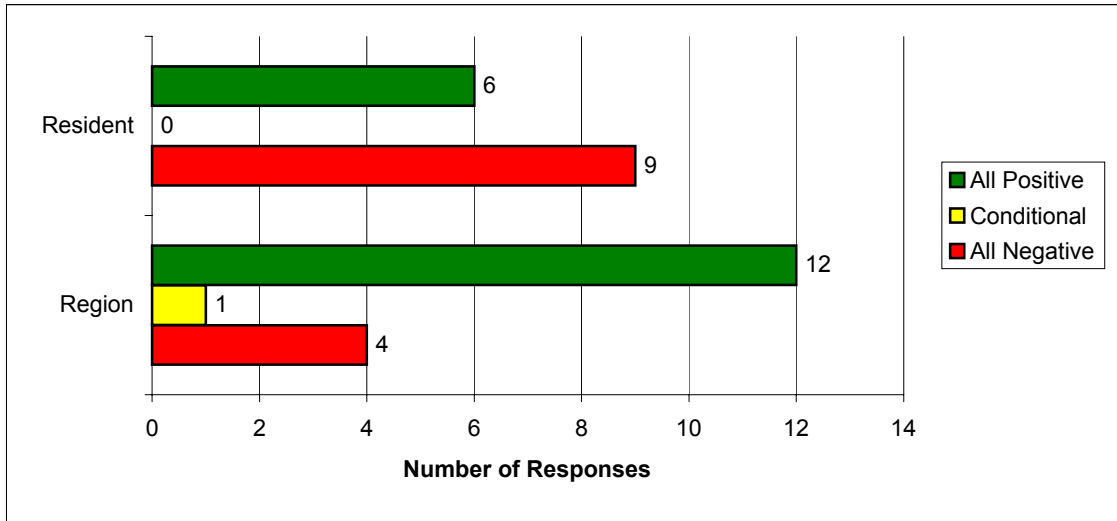
Question 9: Did your supervisor respond to your suggested improvements? If no, why?



REGION IV INTERVIEW RESULTS

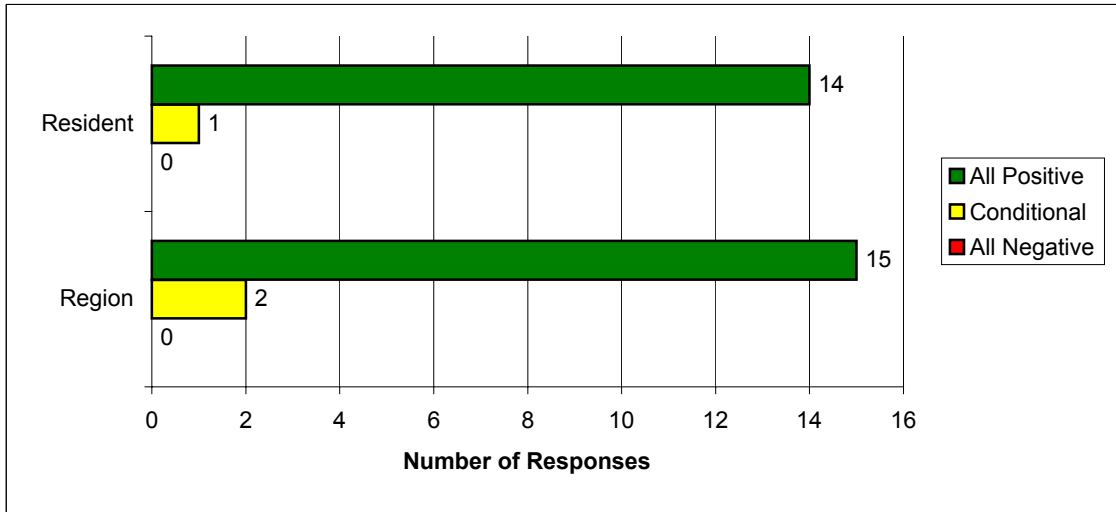
Question 10: Are there any other technical assistance issues that need to be addressed? If yes, what are they?

Note: In this situation, a yes answer denotes a negative response (measured in red).

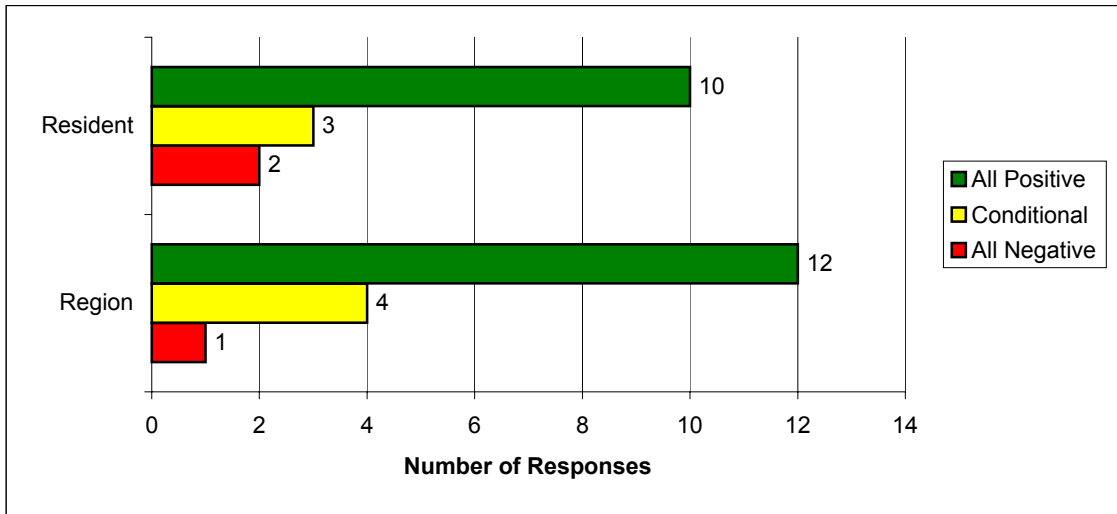


REGION IV INTERVIEW RESULTS

Question 11: Do you receive timely reimbursement for travel expenses? If no, why?

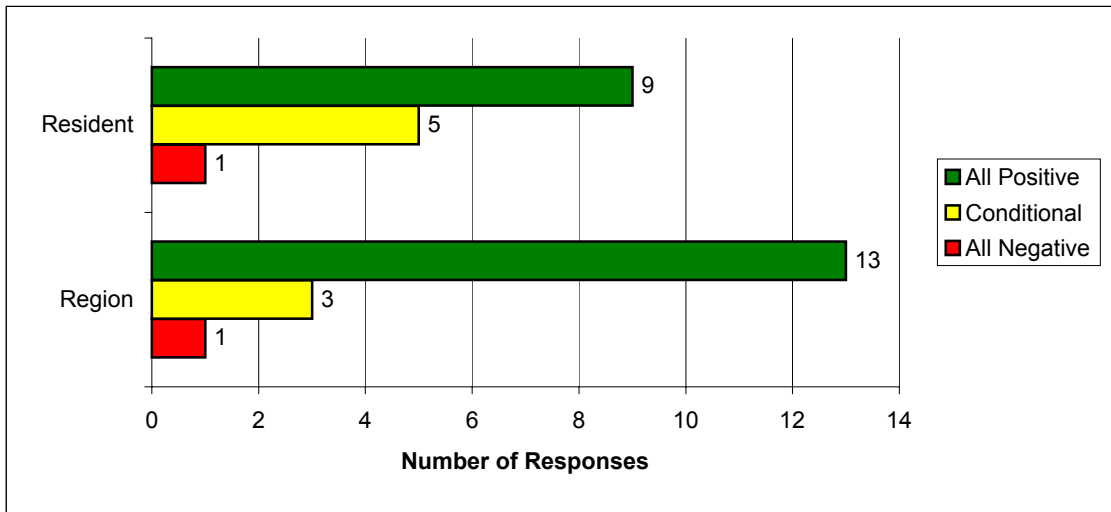


Question 12: Do the various regional office administrative functions meet your needs? If no, why?



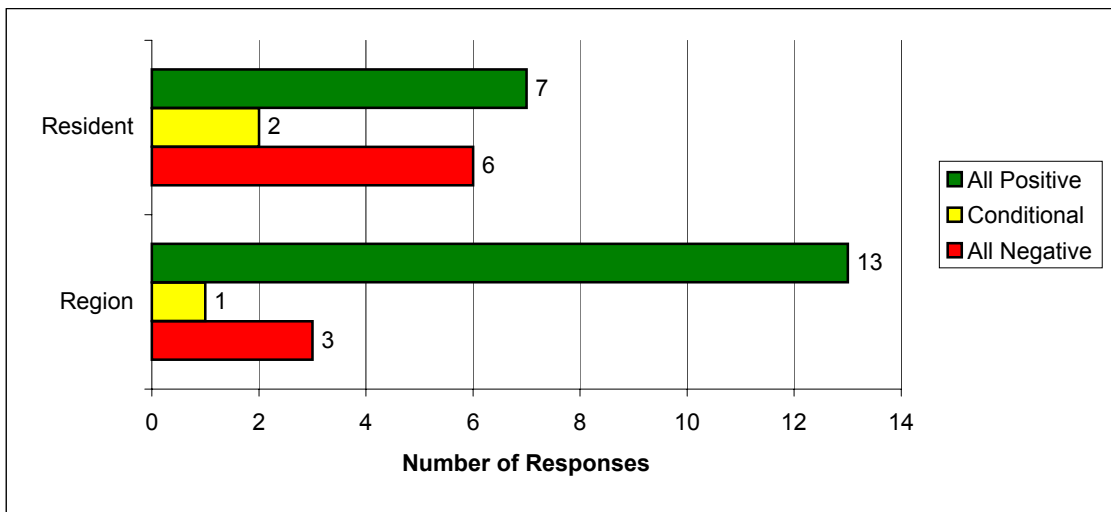
REGION IV INTERVIEW RESULTS

Question 13: Do you have enough information technology equipment to do your job? If no, why not?



Question 14: Are there any computer/software problems that require resolution? If yes, what are they?

Note: In this situation, a yes answer denotes a negative response (measured in red).



Question 15: How do your computer/software problems get fixed?

Comments:

Resident

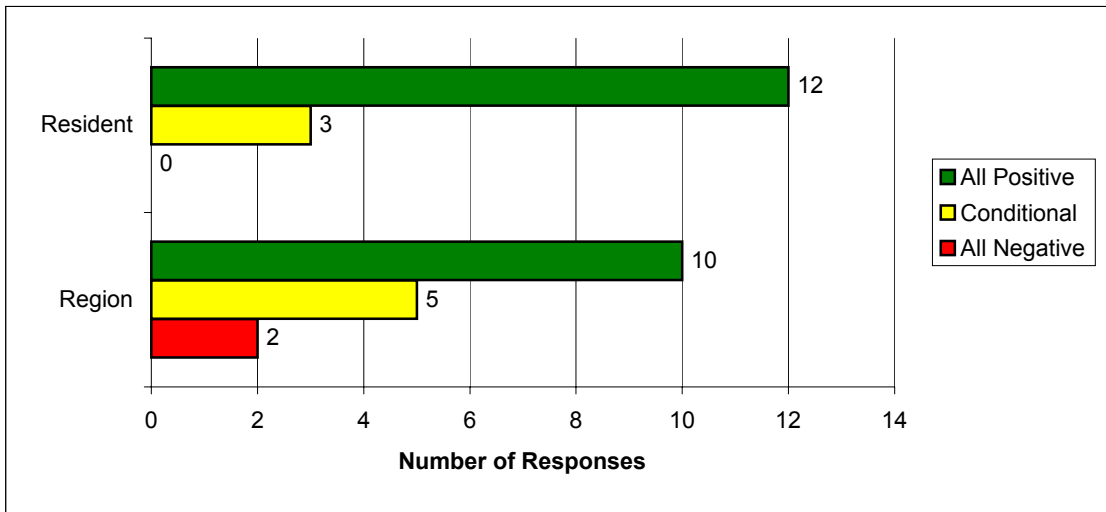
Mostly positive
work ticket, tries to solve over phone

Region

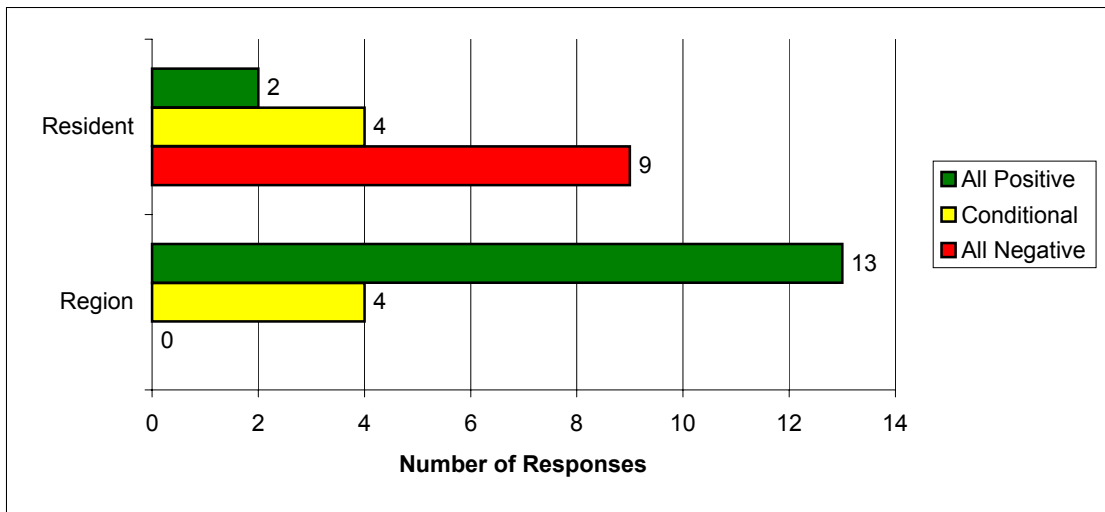
All positive
put in a work ticket, always get timely response

REGION IV INTERVIEW RESULTS

Question 16: Does your computer have adequate links to headquarters/the region for your work purposes? If no, why?



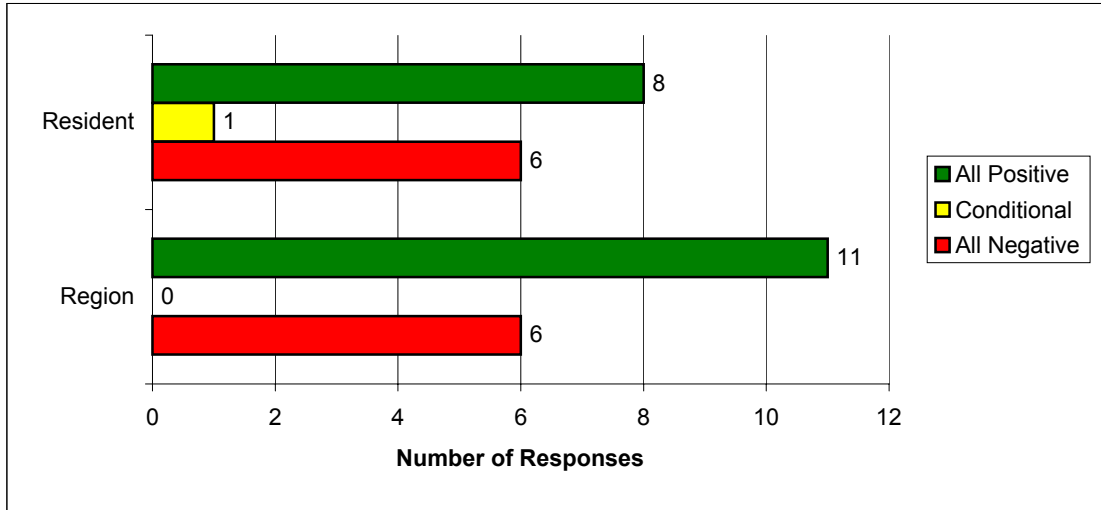
Question 17: Does the telephone system provide adequate communication for your work? If no, why?



REGION IV INTERVIEW RESULTS

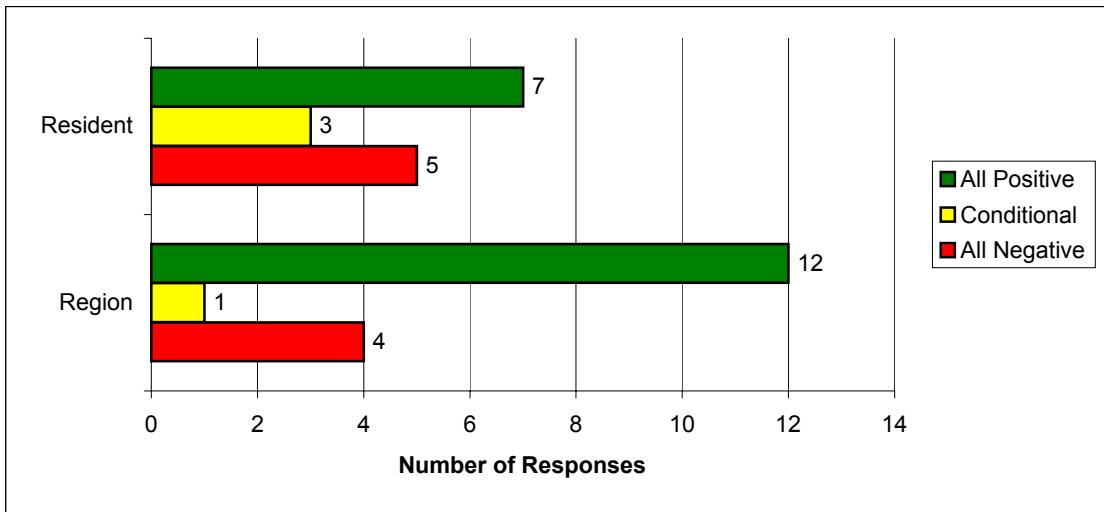
Question 18: Are there other administrative assistance issues that should be addressed? If yes, what are they?

Note: In this situation, a yes answer denotes a negative response (measured in red).



Question 19: Do other aspects of regional office operations need to be improved? If yes, what are they?

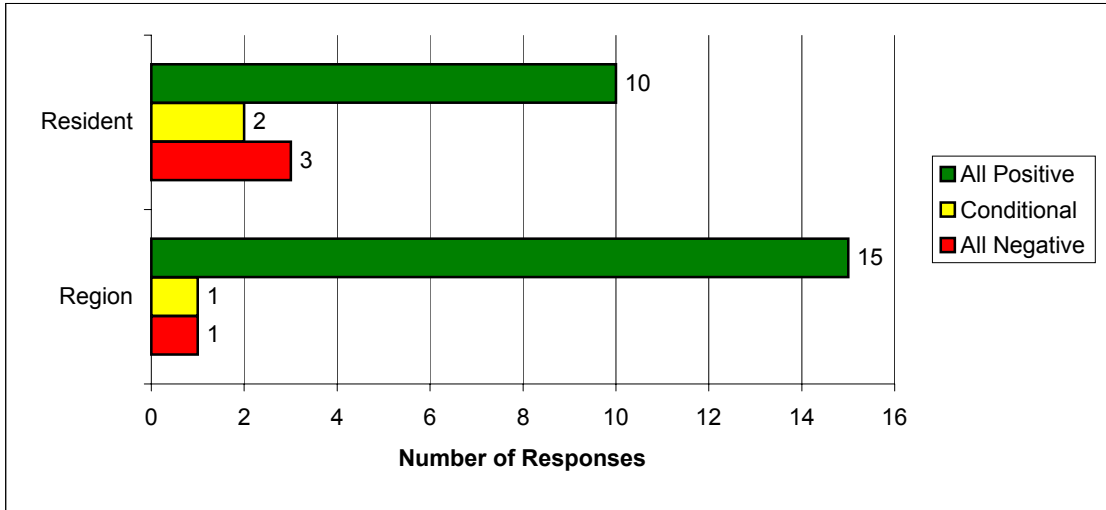
Note: In this situation, a yes answer denotes a negative response (measured in red).



REGION IV INTERVIEW RESULTS

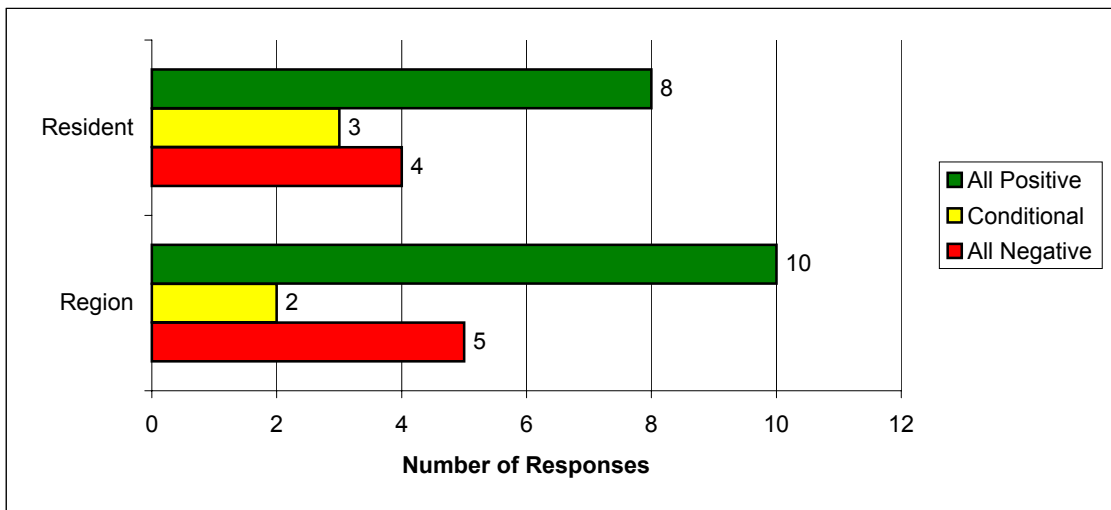
Question 20: Do you have any major problems in completing your job? If yes, why?

Note: In this situation, a yes answer denotes a negative response (measured in red).



Question 21: Can the region/NRC do more to improve your effectiveness? If yes, what?

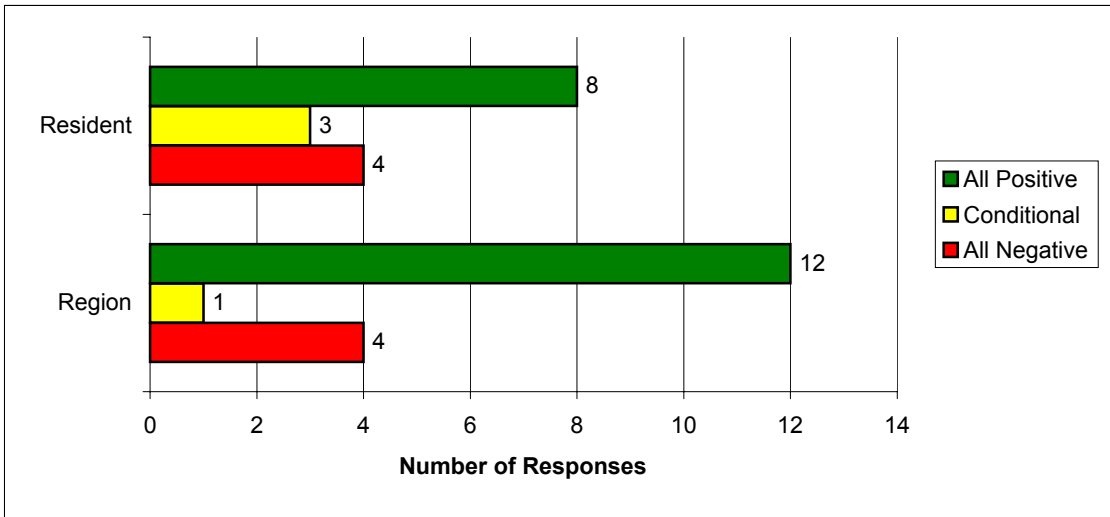
Note: In this situation, a yes answer denotes a negative response (measured in red).



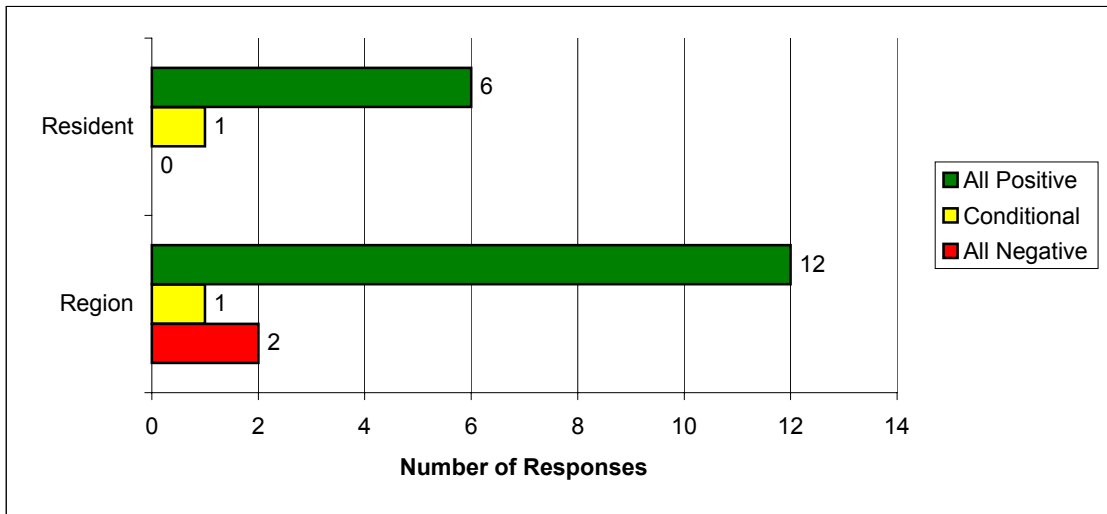
REGION IV INTERVIEW RESULTS

Question 22: Are there any other areas upon which regional management needs to improve to help you do your job more effectively? If yes, what?

Note: In this situation, a yes answer denotes a negative response (measured in red).



Question 23: Is the Differing Professional View/Differing Professional Opinion process working correctly? If no, why?



REGION IV INTERVIEW RESULTS

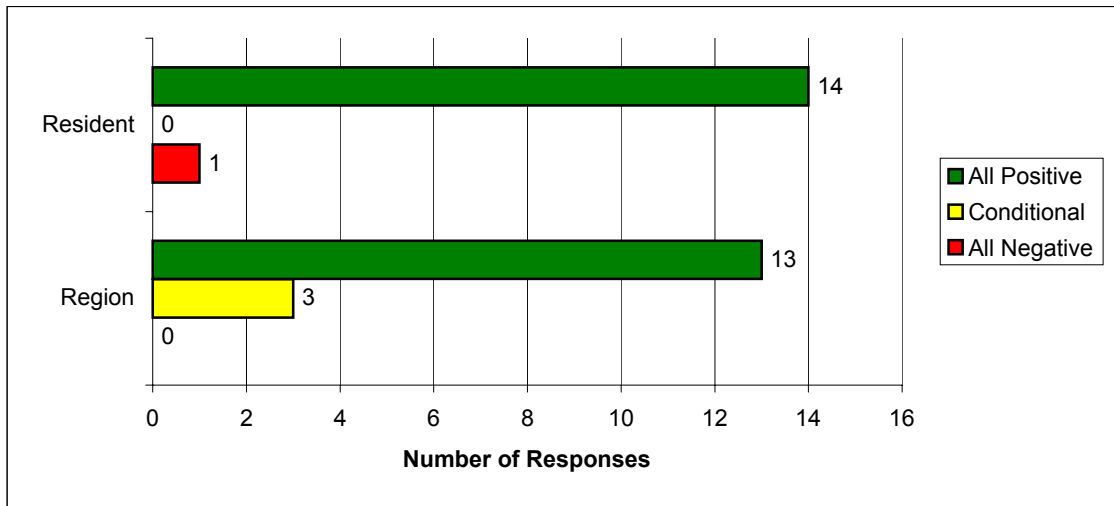
Question 24: How would you characterize your relationship with plant management? Why?

	<u>Resident</u>	<u>Region</u>
Excellent	6	8
Very Good	9	4
Good	0	3
Fair	0	0
Poor	0	0

Question 25: How would you characterize the region's relationship with plant management? Why?

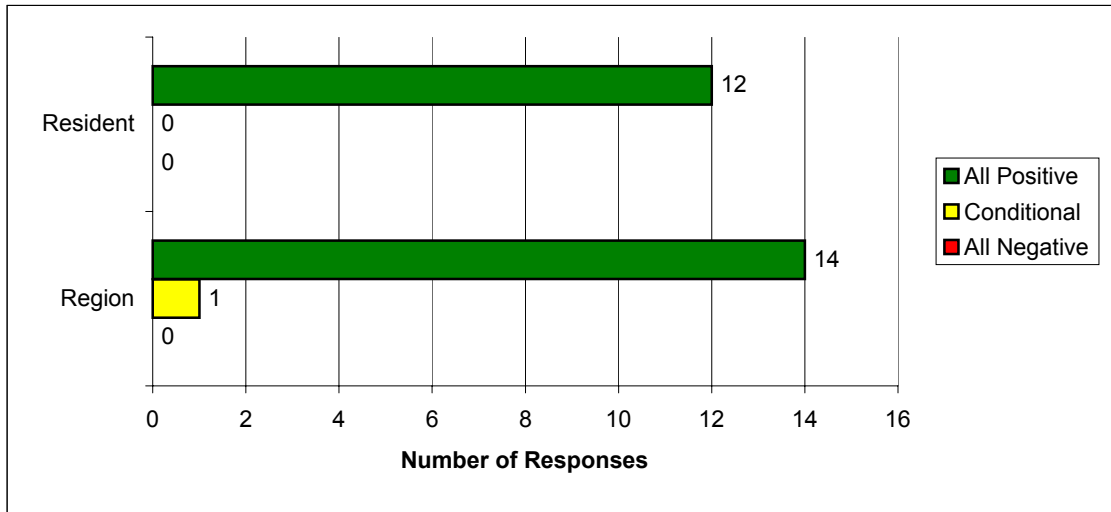
	<u>Resident</u>	<u>Region</u>
Excellent	5	6
Very Good	9	5
Good	1	3
Fair	0	1
Poor	0	0

Question 26: Is your region responsive to licensee concerns and issues? If no, why?



REGION IV INTERVIEW RESULTS

Question 27: Does regional management assist you, as needed, when you cannot resolve issues with plant management? If no, why?



REGION IV INTERVIEW RESULTS

Question 28: Are there other areas where management needs to provide you with more information/support in order to perform your duties? If yes, what?

Note: In this situation, a yes answer denotes a negative response (measured in red).

