



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE
INSPECTOR GENERAL

January 22, 2010

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

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

SUBJECT: MEMORANDUM REPORT: AUDIT OF THE NUCLEAR
REGULATORY COMMISSION'S USE OF ELECTRONIC
SUBMISSIONS FOR COMBINED LICENSE
APPLICATIONS (OIG-10-A-08)

The Office of the Inspector General (OIG) conducted this audit to evaluate the Nuclear Regulatory Commission's (NRC) use of electronic submissions in the Office of New Reactors (NRO), with a specific focus on Combined License Applications (COLA), and its applicability to other NRC activities such as in the Office of Nuclear Reactor Regulation. OIG found that the electronic submissions process for COLA documents fulfills its intended purpose, and that NRC users and public stakeholders were generally satisfied with it. Although OIG makes no recommendations, auditors identified issues for consideration to enhance the electronic submissions process.

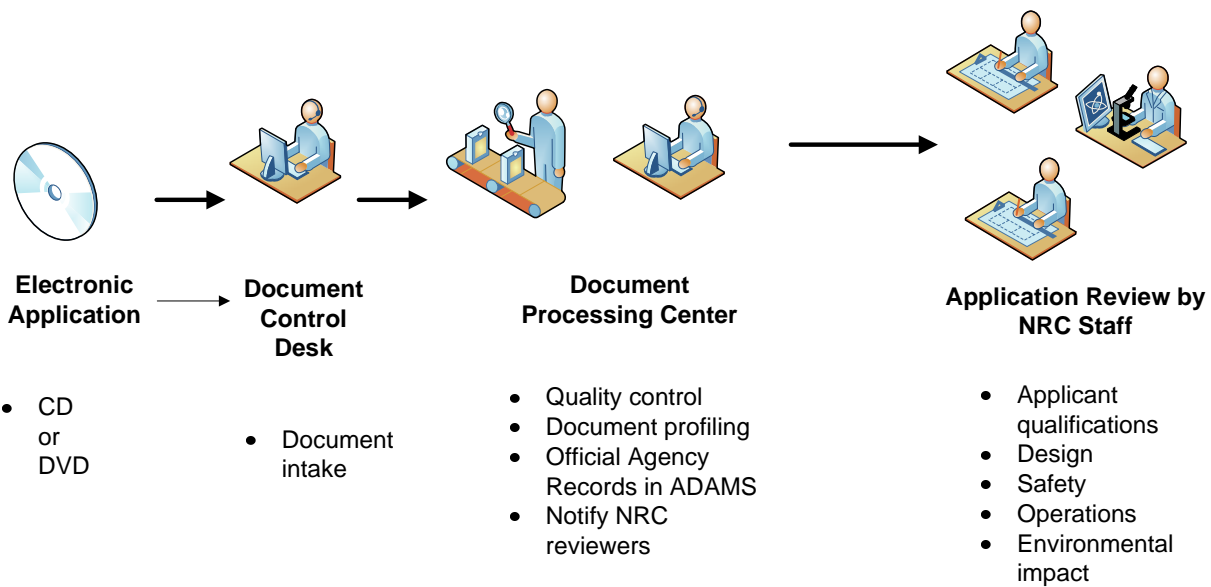
BACKGROUND

NRC issues licenses for construction and operation of nuclear power plants. The agency last issued an operating license in 1996; however, there is growing interest among U.S. utilities in nuclear power. Since 2007, NRC has received 18 applications to construct 28 new reactors.

Reactor license applications—generally referred to as COLAs—are large document packages that NRC must review to ensure that each applicant meets agency standards for building and operating nuclear power reactors. To reduce the logistical burden associated with paper document processing, applicants are to submit COLA documents using electronic media, such as compact discs (CD) or digital versatile discs (DVD).¹

NRC's Office of Information Services (OIS) manages the processing of COLA documents submitted to NRC. After initial receipt of an applicant's CD/DVD at the Document Control Desk, contractor personnel² at the Document Processing Center (DPC) review information contained on the CD/DVD to ensure that it is properly formatted. If the applicant's submission passes this review, the documents can be uploaded to NRC's Agencywide Documents Access and Management System (ADAMS), the agency's main electronic recordkeeping system. If a submission does not pass this review, NRC staff notify the applicant so that the document(s) can be revised and resubmitted. Figure 1 illustrates this process.

Figure 1: Processing of COLA documents submitted to NRC on electronic media.



Source: OIG analysis.

¹ CDs and DVDs enable applicants to submit files that are too large to transmit via the Internet.

² NRO document review and processing is a subtask within a broader ADAMS support contract. In the 2008-2009 base year of this contract, the value for this subtask was approximately \$71,500. An OIS project manager oversees the contract.

PURPOSE

The audit objective was to evaluate NRC's use of electronic submissions in NRC, with a specific focus on COLA documents, and its applicability to other NRC activities such as in the Office of Nuclear Reactor Regulation.

RESULTS

Auditors evaluated NRC's electronic submissions process for COLAs. This process meets its intended purpose of reducing the logistical burden associated with paper documentation. NRC and public stakeholders were generally satisfied with the electronic submissions process for facilitating COLAs. Furthermore, although some electronic submissions undergo delays in the ADAMS upload process, such delays reportedly do not prevent applicant personnel from proceeding with their work on applications. Further, as permitted by internal agency guidance,³ agency staff use their own working copies of COLA documents before they are uploaded to ADAMS. Although no recommendations are associated with this report, OIG identified several issues for the agency to consider.

Issues for Consideration

- **Offer more hands-on training.** Several applicant personnel said that they had become more familiar with NRC's standards and processes over time, and had learned much through early trial and error. However, one said NRC's initial hands-on training was helpful and recommended that NRC offer it again.
- **Re-evaluate "pre-flight" criteria.**⁴ Applicant personnel and one NRC staff questioned the value of "pre-flight" criteria that applicants are supposed to follow in preparing their submissions. One applicant employee mentioned instances in which documents apparently met the "pre-flight" standards, but were still returned to them by the DPC for revision. Another applicant employee noted an instance in which a document did not meet "pre-flight" criteria but was uploaded into ADAMS anyway.
- **Develop a means for formatting non-PDF documents.** NRC guidance states that COLA documents should be formatted using Portable Document Format (PDF) software. However, some information is processed using non-PDF software unique to technical fields such as meteorology. Some historical information must be transferred from microfiche, which can present formatting

³ Management Directive 3.53, "NRC Records and Document Management Program," revised March 15, 2007.

⁴ The "pre-flight" check is a preliminary automated review of COLA submissions to ensure the documents meet NRC standards for file size and other formatting characteristics. Following "pre-flight," DPC staff perform a more extensive manual quality control review of documents before uploading them to ADAMS.

problems requiring the applicant to copy the microfiche onto paper and submit hard copies in lieu of CD/DVD.

- **Establish a single point of contact for applicants.** NRO project managers and OIS staff are involved in processing COLA submissions, but there is no single point of contact to help applicants resolve problems with their submissions.

Several applicant personnel said individual NRC staff were helpful; however, one reported experiencing poor communication among NRC organizations and difficulty in contacting OIS staff. One NRO project manager cited similar communication problems with OIS and recommended establishing a single point of contact as a solution.

AGENCY COMMENTS

NRC staff were given an opportunity to review a draft version of this report, and provided editorial suggestions. This final report incorporates revisions made, where appropriate, as a result of the agency's suggestions.

SCOPE AND METHODOLOGY

To understand NRC's policies and procedures for processing documents submitted electronically by the public, auditors interviewed staff from OIS, the Office of the Secretary, the Office of the General Counsel, and the Atomic Safety and Licensing Board Panel. Auditors reviewed pertinent NRC guidance as well as the Government Paperwork Elimination Act. To understand processes unique to new reactor license submissions, auditors interviewed staff from NRC and the DPC, reviewed NRC's electronic submissions guidance for end-users, and reviewed procedures used by DPC personnel to process new reactor license documents. In addition, auditors reviewed the contract for these processing services as well as data regarding document processing volume and contractor performance. To understand end-users' perspectives on NRC's policies and procedures, auditors interviewed personnel representing four electric power utilities, which, together, have submitted 6 of the 18 new reactor license applications received by NRC as of September 2009. Further, auditors interviewed a contractor who prepares applicants' documents for submission to NRC and a representative from the Nuclear Energy Institute who had worked with NRC and the nuclear power industry on an electronic submissions task force.

Internal controls related to the audit objective were reviewed and analyzed. Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse in the program.

The work was conducted from July 2009 to October 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The work was conducted by Beth Serepca, Team Leader; Paul Rades, Audit Manager; Levar Cole, Senior Analyst; and Michael Blair, Analyst. We performed the audit work at NRC headquarters in Rockville, Maryland.