

December 14, 2000

MEMORANDUM TO: William D. Travers
Executive Director for Operations

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

SUBJECT: MEMORANDUM REPORT OIG-01-A-01: THE NATIONAL
MATERIALS PROGRAM STEERING COMMITTEE

Attached is the Office of the Inspector General's (OIG) memorandum report titled, *The National Materials Program Steering Committee*. This report incorporates comments provided by your office at an exit meeting held on December 7, 2000.

This report reflects results of OIG's ongoing observation of the National Materials Program Working Group. This group was formed to develop options for the Commission addressing challenges related to the decreasing numbers of NRC materials licensees. During observation of Working Group meetings, we noted that the Group's efforts were being impeded by a lack of understanding of its relationship with and responsibilities to an associated Steering Committee. While the Working Group's function was defined in a charter, the Steering Committee's role was undefined. To correct this difficulty, the agency should clearly define the role and responsibilities of that Steering Committee and ensure that other steering committees define their roles and responsibilities. Management agreed with these recommendations and has developed a charter for the Steering Committee to address the first recommendation.

Please provide information on actions taken or planned on each of the recommendations directed to your office within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG follow up.

If you have any questions, please contact me at 415-5915.

Attachment: As stated

cc: John Craig, Audit Followup Official

December 14, 2000

MEMORANDUM TO: William D. Travers
Executive Director for Operations

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

SUBJECT: MEMORANDUM REPORT OIG-01-A-01: THE NATIONAL
MATERIALS PROGRAM STEERING COMMITTEE

As part of the Office of the Inspector General's (OIG) monitoring of important agency activities, OIG staff have participated as observers in the National Materials Program Working Group. This group was formed to develop options for addressing challenges related to the decreasing numbers of NRC materials licensees. During observation of Working Group meetings, we noted that the Group's efforts were being impeded by a lack of understanding of its relationship with and responsibilities to an associated Steering Committee. While the Working Group's function is defined in a charter, the Steering Committee's role is undefined. To correct this difficulty, the agency needs to clearly define the role and responsibilities of that Steering Committee. The agency should also ensure that other steering committees define their roles and responsibilities. Upcoming meetings of this Working Group are critical to its effort. Therefore, action to correct this issue should be made in a timely manner.

BACKGROUND

Under the Atomic Energy Act of 1954 (AEA), the U.S. Atomic Energy Commission (AEC) was given authority to regulate the use of source material, by-product material, and special nuclear material in the United States. An amendment to the Act in 1959 allowed states to regulate the use of such radioactive material by entering into an agreement with the AEC. In March 1962, Kentucky became the first Agreement State. Today, the U.S. Nuclear Regulatory Commission (NRC), a successor to AEC, has agreements in place with 32 states. As a result, NRC is directly regulating a decreasing number of licensed users of this type of material. Issues associated with the decreasing number of NRC materials licensees are critical to NRC and the national regulation of these licensees. A decreasing number of NRC licensees are bearing the burden of increasing fees to support NRC's efforts. Because of its national importance, the Office of the Inspector General has closely monitored this issue and, more recently, has participated through observation in the National Materials Program Working Group.

In combination, NRC's program and these state programs form what can informally be described as the national program for regulating the use of AEA-controlled materials. However, there is no clear, formal statement of what constitutes a "national materials program" or how it should function. In October 1999,¹ NRC staff proposed that the agency establish a working group² to address the issues involved with defining and implementing future state and federal roles under a National Materials Program. In particular, the working group would examine the impact of the increasing number of Agreement States and develop options for the Commission's consideration. In November 1999,³ the NRC Commissioners responded to staff's request and approved the formation of the National Materials Program Working Group. The Working Group is composed of members from the NRC, the Organization of Agreement States, and the Conference of Radiation Control Program Directors.

RESULTS

In March 2000, the Working Group formally defined, in a charter, its mission, its work product, and the issues it would consider. During that same time period, senior NRC program managers in headquarters and Regional offices perceived the need for and established an associated Steering Committee. While the Steering Committee was established concurrently with the Working Group, the Steering Committee did not develop its own charter and is not discussed in the Working Group's charter. Working Group members have noted that the Steering Committee has not acted collectively and that even the membership of the Committee is unclear. Additionally, the Working Group is being relied on to respond to Steering Committee members on an individual basis. In essence, the Steering Committee does not appear to be operating as a cohesive body.

Shortly after the first Working Group meeting in March 2000, OIG questioned senior NRC managers as to whether the Steering Committee should formally define its role and responsibilities to preclude difficulties in its relationship with the Working Group. During several Working Group meetings since March, the Working Group, itself, has raised the issue of the role and responsibilities of the Steering Committee. The Working Group has also questioned whether the Steering Committee would function in a fashion that would allow the Working Group to proceed as expected by the Commission. The Working Group considered this critical to its efforts. Several members noted that, if the role of the Steering Committee included veto or overrule authority of its work, they would reconsider their participation in the Working Group.

At the annual Organization of Agreement States conference in October 2000, the Working Group held a tabletop exercise to see whether its views of cooperation and consensus related to a National Materials Program were valid. After the conference, one member of the Steering

¹ SECY 99-250, October 14, 1999, *National Materials Program: Request Approval of the Formation of a Working Group on the Increase in the Number of Agreement States and Impact on NRC'S Materials Program.*

² The Working Group would be established in accordance with Management Directive and Handbook 5.3, *NRC and Agreement State Working Groups.*

³ Staff Requirements Memorandum for SECY 99-250.

Committee met with the Working Group. The role of the Steering Committee was again raised during a lengthy discussion about the Steering Committee's expectations of the Working Group. Valuable time was also expended in the subsequent Working Group meeting discussing the role of the Steering Committee rather than focusing on the work that the group had planned to accomplish. A Working Group meeting scheduled for December 2000 may now be primarily dedicated to meeting with the Steering Committee to further discuss the expectations of the Committee and the current status of the Working Group's efforts.

CONCLUSION

While NRC does not have official guidance relating to steering committees, it has formally defined their role in a number of internal efforts, including risk-informed licensing, probabilistic risk assessment, cost management, and STARFIRE. The role of a steering committee can be critical to the functioning of any associated working group and the committee's role and responsibilities should be clear to all parties. When a working group is associated with the committee, the role of the committee should be defined with careful consideration of the needs of the working group. In the case of the National Materials Program Working Group, the lack of formal definition of the role and responsibilities of the Steering Committee has had a negative impact on the Working Group's functioning. As a result, valuable time has been consumed on matters that are not central to its mission. Without a clear definition of the role of the Steering Committee, the valuable experience and expertise of its members may be ineffectively applied to the Working Group's efforts.

MANAGEMENT COMMENTS AND ACTIONS ON THE DRAFT REPORT

At an exit meeting on December 7, 2000, management agreed with our recommendations and provided comments which have been incorporated in this report. Subsequent to receipt of the discussion draft of this report, management developed a charter for the National Materials Program Steering Committee which has been approved by the Executive Director for Operations. This action addresses Recommendation 1. Management also noted that, in addition, the Office of State and Tribal Programs' performance plan includes a review and potential revision of MD 5.3, *NRC and Agreement State Working Groups*.

RECOMMENDATIONS

We recommend that the Executive Director for Operations:

1. Clearly define the role and responsibilities of the National Materials Program Steering Committee. That clarification should include, for example: the committee's mission, objectives, and scope; reporting relationships; the support the committee requires and/or will provide; its membership; who will chair the committee; the effective date and term of the committee; and the committee's relationship to the Working Group.
2. Institute a requirement in the Management Directives that agency steering committees formally define their roles and responsibilities.

Please provide information on actions taken or planned on each of the recommendations directed to your office within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG follow up.

SCOPE/CONTRIBUTORS

We evaluated the management controls related to the Working Group and Steering Committee discussed herein and conducted our work from March through November 2000 in accordance with generally accepted Government auditing standards. This review was conducted by Bob Moody and Sherri Miotla.

If you have any questions or concerns regarding this report, please contact William McDowell at 415-5974 or me at 415-5915.

Attachment:
Recommendation Resolution Procedures

cc: R. McOsker, OCM/RAM
B. Torres, ACMUI
B. Garrick, ACNW
D. Powers, ACRS
J. Larkins, ACRS/ACNW
P. Bollwerk III, ASLBP
K. Cyr, OGC
J. Cordes, Acting OCAA
S. Reiter, Acting CIO
J. Funches, CFO
P. Rabideau, Deputy CFO
J. Dunn Lee, OIP
D. Rathbun, OCA
W. Beecher, OPA
A. Vietti-Cook, SECY
F. Miraglia, DEDR/OEDO
C. Paperiello, DEDMRS/OEDO
P. Norry, DEDM/OEDO
J. Craig, AO/OEDO
M. Springer, ADM
R. Borchardt, OE
G. Caputo, OI
P. Bird, HR
I. Little, SBCR
W. Kane, NMSS
S. Collins, NRR
A. Thadani, RES
P. Lohaus, OSP
F. Congel, IRO
H. Miller, RI
L. Reyes, RII
J. Dyer, RIII
E. Merschoff, RIV
OPA-RI
OPA-RII
OPA-RIII
OPA-RIV

Instructions for Responding to OIG Report Recommendations

Instructions for Action Offices

Action offices should provide a written response on each recommendation within 30 days of the date of the transmittal memorandum or letter accompanying the report. The concurrence or clearance of appropriate offices should be shown on the response. After the initial response, responses to subsequent OIG correspondence should be sent on a schedule agreed to with OIG.

Please ensure the response includes:

1. The report number and title, followed by each recommendation. List the recommendations by number, repeating its text verbatim.
2. A management decision for each recommendation indicating agreement or disagreement with the recommended action.
 - a. For agreement, include corrective actions taken or planned, and actual or target dates for completion.
 - b. For disagreement, include reasons for disagreement, and any alternative proposals for corrective action.
3. If questioned or unsupported costs are identified, state the amount that is determined to be disallowed and the plan to collect the disallowed funds.
 - a. If funds put to better use are identified, then state the amount that can be put to better use (if these amounts differ from OIG's, state the reasons).

OIG Evaluation of Responses

If OIG concurs with a response to a recommendation, it will (1) note that a management decision has been made, (2) identify the recommendation as resolved, and (3) track the action office's implementation measures until final action is accomplished and the recommendation is closed.

If OIG does not concur with the action office's proposed corrective action, or if the action office fails to respond to a recommendation or rejects it, OIG will identify the recommendation as unresolved (no management decision). OIG will attempt to resolve the disagreement at the action office level. However, if OIG determines that an impasse has been reached, it will refer the matter for adjudication to the Chairman.

Semiannual Report to Congress

In accordance with the Inspector General Act of 1978, as amended, OIG is required to report to Congress semiannually on April 1 and October 1 of each year, a summary of each OIG report issued for which no management decision was made during the previous 6-month period. Heads of agencies are required to report to Congress on significant recommendations from previous OIG reports where final action has not been taken for more than one year from the date of management decision, together with an explanation of delays.