



Office of the Inspector General

U. S. Nuclear Regulatory Commission

Annual Plan

Fiscal Year 2002

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U.S. Nuclear Regulatory Commission

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FOREWORD

I am pleased to present the Office of the Inspector General's (OIG) fiscal year (FY) 2002 Annual Plan. The Annual Plan provides the audit and investigative strategies and associated summaries of the specific work planned for the coming year.

The U.S. Nuclear Regulatory Commission's (NRC) mission is to regulate this Nation's civilian use of byproduct, source, and special nuclear material to ensure adequate protection of public health and safety. This Annual Plan is the OIG's formal strategy for identifying priority issues and managing workload and resources for FY 2002. To develop this Annual Plan, we obtained input from several sources, including the Commission, Congress, the nuclear industry, NRC senior managers, and OIG's Annual Information and Planning Conference.

Rather than set aside time to respond to unanticipated high priority issues that inevitably arise, we have programmed all our available resources and will reassess those priorities as necessary. This approach ensures that we use our limited resources only on high priority work.

Hubert T. Bell
Inspector General

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MISSION AND AUTHORITY

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

OIG is committed to ensuring the integrity of NRC programs and operations. Developing an effective planning strategy is a critical aspect of accomplishing this commitment. Such planning assures that audit and investigative resources are used effectively. To that end, OIG developed a Strategic Plan for FYs 2000 - 2005 which includes four general goals and a number of supporting objectives that describe planned accomplishments.

The Annual Plan reflects the interests and concerns of the Congress, NRC senior managers, including the Chairman and Commissioners, and the nuclear industry. The Annual Plan also serves as a basis for developing performance goals and measures envisioned by the Government Performance and Results Act. In particular, the Annual Plan addresses OIG's first Strategic Plan General Goal:

To add value to the NRC's technical and administrative programs, OIG will identify opportunities for improvement in the agency and conduct activities for the purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations.

Additionally, the IG responded to congressional requests of December 1997, August 1998, September 1999, and October 2000, seeking information on what this office considered to be the most serious management challenges facing the NRC. On November 22, 2000, in response to the most recent request, the IG identified the following seven management challenges:¹

1. Development and implementation of an appropriate risk-informed and performance-based regulatory oversight approach.
2. Identification, acquisition, and implementation of information technologies.
3. Administration of all aspects of financial management.
4. Clear and balanced communication with external stakeholders.
5. Intra-agency communication (up, down, and across agency organizational lines).

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

6. Regulatory processes that are integrated and continue to meet NRC's safety mission in a changing external environment.
7. Maintenance of a highly competent staff to carry out NRC's public health and safety mission (i.e., human capital management).

OIG monitors agency performance on these management challenges and periodically revises our assessment of them, as needed.

AUDITS AND INVESTIGATIONS UNIVERSE

The NRC budget request for FY 2002 is \$513.1 million with a staffing level of 2,789 personnel. The agency's mission is to ensure that civilian uses of nuclear materials in the United States (in the operation of nuclear power plants, and in medical, industrial, and research operations) are carried out with adequate protection of the public health and safety, the environment, and national security. The agency also has a role in combating the proliferation of nuclear materials worldwide.

NRC is headquartered in Rockville, Maryland; has four regional offices located throughout the United States; and operates a technical training center located in Chattanooga, Tennessee.

The agency carries out its mission through various licensing, inspection, research, and enforcement programs. Currently, NRC responsibilities include regulating 103 commercial nuclear power reactors that operate in 31 States; 37 non-power reactors licensed to operate in 24 States; 8 major uranium fuel fabrication and production facilities; 2 gaseous diffusion enrichment facilities; and approximately 5,300 licenses issued for medical, academic, and industrial uses of nuclear material. The agency is also overseeing the decommissioning of 19 commercial nuclear power plants. The audit and investigation universe is, therefore, composed of a myriad of programs, functions, and support activities established to implement NRC's mission.

PLANNING STRATEGY

The OIG Annual Plan reflects our strategic approach to planning. It identifies specific areas to be covered during the current fiscal year. The Annual Plan is a "living" document and is modified throughout the year as circumstances, priorities, and/or resource availability dictate.

AUDITS STRATEGY

Effective audit planning requires extensive knowledge about the agency's mission and the programs and activities used to carry out that mission. Accordingly, we continually monitor specific issue areas to strengthen our internal coordination and overall planning process. Under our Issue Area Monitor (IAM) program, staff designated as IAMs are assigned responsibility for keeping abreast of major agency programs and activities.

The IAMs are a key component of our planning process. In addition, we align our planning efforts to the extent possible with the strategic arenas used by the agency in its planning process. Currently, NRC focuses on four strategic arenas. They are

- ◆ Nuclear Reactor Safety,
- ◆ Nuclear Materials Safety,
- ◆ Nuclear Waste Safety, and
- ◆ International Nuclear Safety Support.

The agency also specifies goals and strategies for Management and Support, which cut across all NRC regulatory and support activities to accomplish the agency's overall strategic goals. Appendix V contains a listing of our IAMs and issue areas for which they are responsible.

The audit planning process is designed to yield audit assignments that will encourage efficiency, economy, and effectiveness in NRC programs and operations; detect and prevent fraud, waste, and mismanagement; improve program and security activities at headquarters and regional locations; and respond to unplanned priority requests and targets of opportunity. The priority for conducting audits is based on (1) mandatory legislative requirements; (2) emphasis by the President, Congress, NRC Chairman, or other NRC Commissioners; (3) a program's susceptibility to fraud, manipulation, or other irregularities; (4) dollar magnitude, duration, or resources involved in the proposed audit area; (5) newness, changed conditions, or sensitivity of an organization, program, function, or activities; (6) prior audit experience, including the adequacy of internal controls; and (7) availability of audit resources.

The OIG Strategic Plan is a critical part of the audit planning process. The Strategic Plan provides the foundation for identifying the most significant NRC programs so that audit resources may be directed in these areas in an optimum fashion. The Strategic Plan is updated every 3 years and is supported by a workload analysis. The workload analysis is a living document that is updated, as needed, by the audit teams to describe major NRC program areas and potential audits. The analysis is the connection between the Strategic Plan and the Annual Plan.

INVESTIGATIONS STRATEGY

Our responsibility for detecting and preventing fraud, waste, and abuse within the NRC includes investigating possible violations of criminal statutes relating to NRC programs and activities, investigating misconduct by NRC employees, interfacing with the Department of Justice (DOJ) on OIG related criminal matters, and coordinating investigations and other OIG initiatives with Federal, State, and local investigative agencies and other OIGs. Investigations covering a broad range of criminal misconduct and wrongdoing affecting various NRC programs and operations may be initiated as a result of allegations or referrals from private citizens, licensee employees, NRC employees, Congress, other Federal, State, and local law enforcement agencies, OIG audits, the OIG Hotline, and proactive efforts directed at areas bearing a high potential for fraud, waste, and abuse.

As in the past, reactive investigations into allegations of criminal and other wrongdoing will continue to claim priority in our use of available resources. Because the NRC's mission is to protect the health and safety of the public, one of Investigations' main concentrations of effort and resources will involve alleged NRC staff misconduct that could adversely impact on health and safety related matters. These investigations typically include allegations of:

- ◆ Misconduct by high ranking NRC officials and other NRC officials, such as managers and inspectors, whose positions directly impact the public health and safety.
- ◆ Failure by NRC management to ensure that health and safety matters are appropriately addressed.
- ◆ Failure by the NRC to appropriately transact nuclear regulation publicly and candidly and to openly seek and consider the public's input during the regulatory process.
- ◆ Conflicts of interest by NRC employees with NRC contractors and licensees involving such matters as promises of future employment for favorable or inappropriate treatment and the acceptance of gratuities.
- ◆ Fraud in the NRC procurement program involving contractors violating Government contracting laws and rules.

Other reactive cases involving criminal and other wrongdoing, as well as proactive initiatives, will be pursued as resources allow. These include cases involving theft of property, Government credit card abuse, false travel and expense reimbursement claims, and fraud in the Federal Employees Compensation Act program.

Appendix IV provides OIG Investigations' FY 2002 objectives and initiatives. Specific investigations are not included in the plan because investigations are primarily based on reported violations of law and misconduct by NRC employees and contractors, as well as allegations of irregularities or abuse in NRC programs and operations.

PERFORMANCE GOALS

For FY 2002, we will continue to use a number of key performance indicators and targets for gauging our audit and investigative work. These are:

AUDITS

1. Keep average cost per audit to one (1) full-time equivalent (FTE) or less.
2. Complete audits in 6 months on average.
3. Obtain a satisfactory peer review.

4. Obtain agency agreement on 90 percent of audit recommendations.
5. Obtain final agency action on 65 percent of all audit recommendations within 1 year.

INVESTIGATIONS

1. Complete 80 percent of all non-fraud investigations, including event inquiries, by the established due date.
2. Complete 90 percent of active cases in less than 2 years.
3. Achieve a rate of 30 percent of investigations being referred for criminal prosecution.
4. Obtain agency action in response to at least 90 percent of investigative reports issued by OIG.
5. Obtain acceptance by NRC's Office of General Counsel of at least 80 percent of OIG-referred Program Fraud and Civil Remedies Act cases.
6. Address 90 percent of investigative issues raised in customer surveys.
7. Address all investigative issues identified in quality control reviews.

OPERATIONAL PROCESSES

The following sections detail the approach used to carry out the audit and investigative responsibilities previously discussed, as well as provide a brief description of our management and operational support staff functions.

AUDITS

OIG's audit process comprises the steps taken by OIG to conduct audits and involves specific actions, ranging from annual audit planning to performing audit follow up. The underlying goal of the audit process is to maintain an open channel of communication between the auditors and NRC officials to ensure that audit findings are accurate and fairly presented in the audit report. Audit coverage includes consideration of factors such as legislative requirements; interest expressed by different stakeholders; a program's susceptibility to fraud, waste, or abuse; resources involved in the proposed audit area; the newness, changed conditions, or sensitivity of organization, program, or function activities; prior audit experience, including the adequacy of internal controls; and the availability of audit resources.

The OIG performs the following types of audits:

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

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

Contracts - Based on a Memorandum of Understanding between the OIG and NRC's Division of Contracts and Property Management (DCPM), Office of Administration, OIG provides oversight of the Defense Contract Audit Agency (DCAA) or outside independent public audit firms that perform contract audits. Pre-award audits of contract proposals in excess of \$500,000 are a priority for the agency. At this time, OIG estimates that four pre-award audits will be needed in FY 2002. Post award audits are divided into two categories — incurred cost audits of active contracts and closeout audits of completed contracts. For incurred cost audits, contracts over \$10 million will be audited at least every 3 years, contracts over \$5 million but under \$10 million will be audited at least once during the life of the contract, and contracts under \$5 million will be periodically selected on a judgmental basis. For FY 2002, OIG plans to select 10 active contracts for audit. For contracts in closeout, there are five outstanding requests for final audit. In the past, DCAA has performed the audits of NRC contracts. For FY 2002, OIG plans to have some contract audits performed by outside, independent audit firms.

The key elements in the audit process are as follows:

Audit Planning - Each year, OIG holds an information and planning conference. Additionally, suggestions are solicited from the Commission, OIG staff, agency management, and other external parties. An annual audit plan is developed and distributed to interested parties. It contains a listing of planned audits to be initiated during the year and the general objectives of the audits. The annual audit plan is a "living" document that may be revised as issues warrant, with a subsequent redistribution of staff resources.

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

Entrance Conference - A meeting is held to advise agency officials of the purpose, objectives, and scope of the audit, and the general methodology to be followed.

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

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

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

Exit Conference - A meeting is held with the appropriate agency officials to present and discuss the results of the audit. This meeting provides agency management the opportunity to confirm information, ask questions, and provide any necessary clarifying data.

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

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

Response to Report Recommendations - Action offices provide a written response on each recommendation (usually within 30 days) contained in the final report. Agency management responses include a decision for each recommendation indicating agreement or disagreement with the recommended action. For agreement, agency management provides corrective actions taken or planned and actual or target dates for completion. For disagreement, agency management provides their reasons for disagreement and any alternative proposals for corrective action. If questioned or unsupported costs are identified in the audit report, agency management states the amount that is determined to be disallowed and the plan to collect the disallowed funds. If funds that can be put to better use are identified, agency management states the amount that can be put to better use. If these amounts differ from OIG's, agency management states the reasons for the difference.

Audit Follow up and Closure - This process ensures that recommendations made to management are implemented.

INVESTIGATIONS

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

Investigations are opened in accordance with OIG priorities and general guidelines and in consideration of prosecutorial guidelines that may be established by the local U.S. Attorneys for the DOJ. OIG investigations are governed by the President's Council on Integrity and Efficiency Quality Standards for Investigations, the OIG Special Agent Handbook, and various guidance provided on a periodic basis by the DOJ.

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

When an investigation is opened, it is assigned to a special agent who prepares a plan of investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and agency policies that may be involved. The special agent then conducts the investigation, which may require interviewing witnesses and subjects, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and/or undercover operations. In those cases when the special agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the special agent prepares an investigative report summarizing the facts disclosed during the investigation.

The investigative report is distributed to officials who may have an official interest in the results of the investigation. In those cases where a prosecuting attorney decides to proceed with a criminal or civil prosecution, the special agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, preparing exhibits, executing arrest/search warrants, and testifying before a grand jury or during trial.

At the conclusion of any court action, OIG advises the agency of the court results. For those investigations that do not result in a trial but are handled administratively by the agency, OIG monitors any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the judicial and administrative results of its investigations and includes this data in its semiannual report to Congress.

As a complement to the investigation function, OIG also conducts a limited number of event inquiries. These inquiries are investigative types of efforts that examine an event or issue without focusing specifically on individual conduct. These reports identify institutional weaknesses that led to or allowed a problem to occur.

HOTLINE

In 1991, the OIG at NRC established the Hotline Program to provide NRC employees, licensee employees, contract employees, and the public with a confidential means of reporting to the OIG instances of fraud, waste, and abuse relating to NRC programs and operations. The toll free number (1-800-233-3497) provides easy access for individuals to report any instance of fraud, waste, or abuse to well-trained Hotline Operators in the OIG. Trained staff are available to answer calls Monday through Friday between 9 a.m.

and 4 p.m. (eastern standard time). At other times, callers may leave a message on the recorder. There is no caller identification feature associated with the Hotline.

Individuals may also provide information by writing to Hotline personnel at the following address:

U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program
Mail Stop T-5 D28
Washington, DC 20555-0001

MANAGEMENT AND OPERATIONAL SUPPORT

The Resource Management and Operational Support (RMOS) staff perform a myriad of functions in support of the audit and investigation programs. These include formulating and executing the OIG budget, administering independent personnel services, preparing the OIG Semiannual Report to Congress, providing information technology (IT) support and expertise, and coordinating strategic planning activities.

GENERAL COUNSEL TO THE INSPECTOR GENERAL

The General Counsel to the IG provides legal advice and representation on issues arising during audits and investigations and pertaining to functional organizational issues. The General Counsel conducts and coordinates with other cognizant OIG staff in-depth reviews of existing and proposed legislation, regulations, and policies, and develops as necessary commentaries that provide an objective analysis of regulatory vulnerabilities created within NRC programs and operations. The intent of these reviews is to assist the agency in identifying and preventing potential problems.

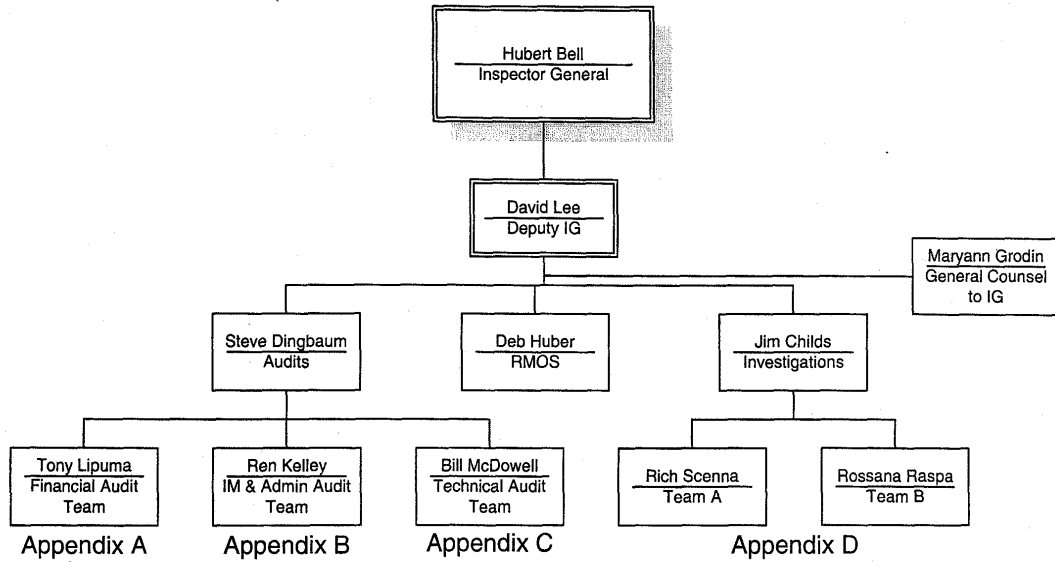
DISTRIBUTION OF OIG RESOURCES

For FY 2002, the OIG requested an appropriation of \$6.18 million and a total authorized staff of 44 FTE. This request includes funding for the audit and investigation functions of 36 FTE, or 18 FTE respectively, and another 8 FTE for management and operational support functions.

OIG work is planned through (1) a strategic audit planning process which includes IAM input and (2) a strategic investigations planning process using allegations and referrals from outside sources, and proactive efforts directed at areas bearing a high potential for fraud, waste, and abuse. This allows us to target our limited resources on NRC's most important issues and activities. As a result, this approach serves to lower overall costs, maximize coverage, optimize the use of audit and investigative staff, and provide the greatest benefit to agency management and the taxpayer. In addition, this work plan facilitates OIG's successful accomplishment of its overall strategic goals and objectives.

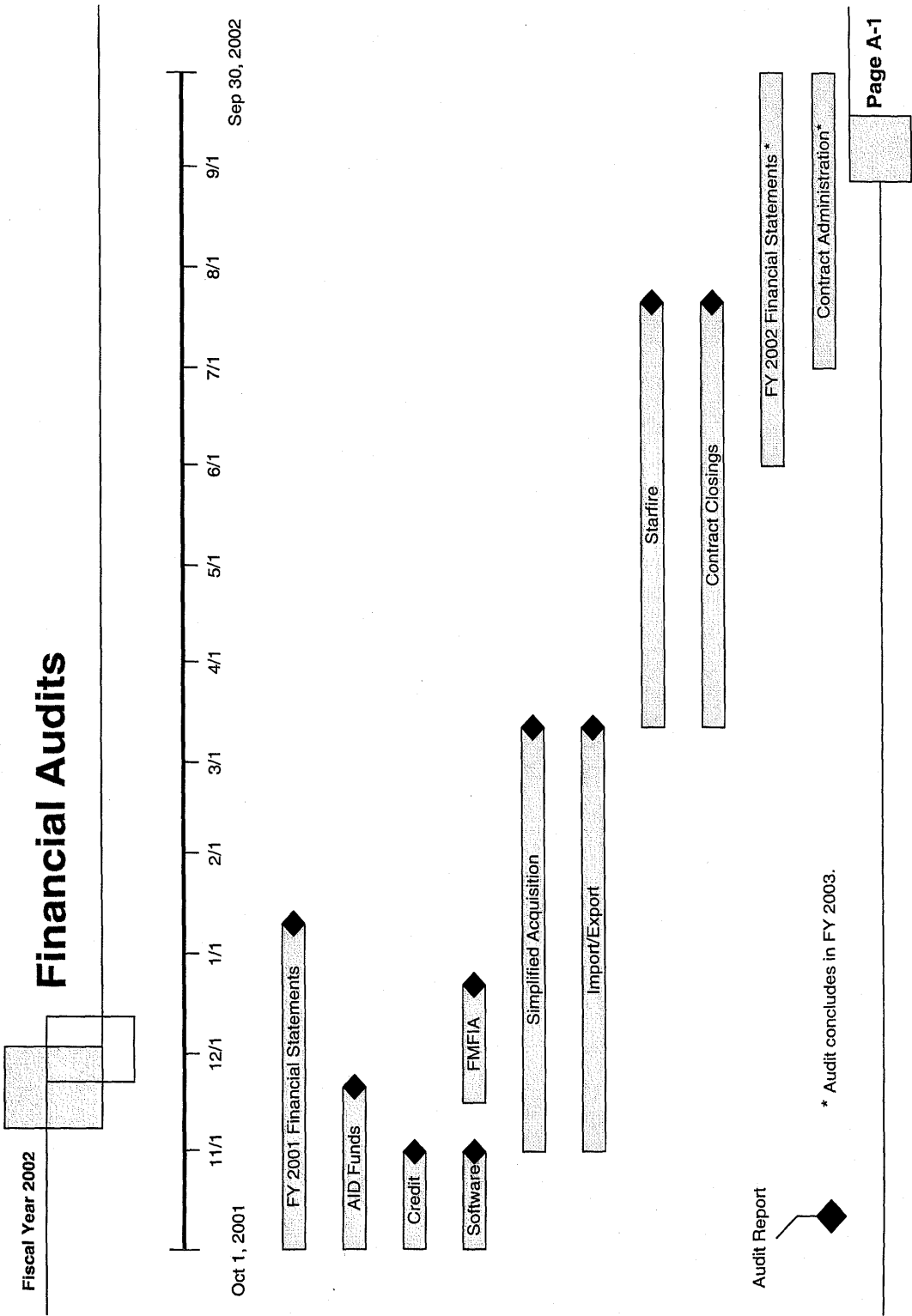
The following organizational chart identifies how the OIG is structured to cover the agency's activities. Appendices identified within the chart provide detailed descriptions of the FY 2002 audit and investigative work planned.

OIG Organizational Chart



APPENDIX A

FINANCIAL MANAGEMENT TEAM AUDITS PLANNED FOR FY 2002



Audit of NRC's FY 2001 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, the OIG is required to audit the financial statements of the NRC. We will measure the agency's improvements by assessing corrective action taken on the prior year's audit findings.

SCOPE AND OBJECTIVES:

The OIG will audit NRC's financial statements in accordance with applicable auditing standards. The audit will express an opinion on the agency's financial statements, evaluate internal controls, review compliance with applicable laws and regulations, review the performance measures included in the financial statements for compliance with Office of Management and Budget (OMB) guidance, and review the controls in the NRC's computer systems that are significant to the financial statements.

SCHEDULE: Started in the 3rd quarter of FY 2001 and scheduled to be completed in the 2nd quarter of FY 2002.

Audit of NRC's AID-Funded Assistance Activities

DESCRIPTION AND JUSTIFICATION:

These programs are funded through the Foreign Assistance Act, as amended by the Freedom of Support Act. The Russia and Ukraine programs were initiated in the early 1990s, with Armenia and Kazakhstan starting a few years later. As of FY 2000, the agency had received nearly \$36 million through fund transfers from Agency for International Development (AID) Funded Assistance Activities to NRC, and the agency requested additional funding from AID for FY 2001. The assistance activities are coordinated by the Office of International Programs with technical support provided by NRC program offices.

SCOPE AND OBJECTIVES:

The overall objective is to determine if the assistance programs are being managed efficiently and effectively and to determine the adequacy of the management controls over the use of AID funds.

SCHEDULE: Started in the 3rd quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

Audit of NRC's Use of Credit Hours

DESCRIPTION AND JUSTIFICATION:

Credit hours is a concept created and codified into law by Congress in 1982 as a means by which employees are permitted to work extra hours before or after their ordinary work day to be able to take time off at a later date.

SCOPE AND OBJECTIVES:

The overall objectives are to determine (1) whether NRC's credit hour policies comply with applicable laws and regulations and (2) if established policies provide adequate controls over the use of credit hours.

SCHEDULE: Started in the 3rd quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

Audit of NRC's Accountability and Control of Software Including Compliance with Software Licensing Agreements

DESCRIPTION AND JUSTIFICATION:

The purpose of this audit is to review NRC policies and procedures governing the accountability and control of software, including compliance with software licensing agreements.

It is NRC policy to manage and use agency property in its possession or its contractors' possession effectively and efficiently and to provide sufficient controls to deter or eliminate loss through fraud, waste, or misuse. Since the agency's use of and investment in software is significant, NRC's software must be properly accounted for and controlled. Accordingly, adequate policies and procedures must be effectively implemented to safeguard NRC software and ensure compliance with applicable laws and regulations.

SCOPE AND OBJECTIVES:

The objectives are to determine whether (1) NRC policies governing the accountability and control of software and compliance with software licensing agreements adhere to applicable laws and regulations and (2) these policies, as implemented, provide reasonable safeguards to deter and prevent loss through fraud, waste, or misuse.

SCHEDULE: Started in the 3rd quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

Audit of NRC's Implementation of the Federal Managers' Financial Integrity Act for FY 2001

DESCRIPTION AND JUSTIFICATION:

Management controls, in the broadest sense, include the organization, methods, and procedures adopted by management to ensure that it meets its goals. According to OMB Circular A-123 revised, *Management Accountability and Control*, management controls are the organization, policies, and procedures used by agencies to reasonably ensure that (1) programs achieve their intended results, (2) resources are used consistent with agency mission, (3) programs and resources are protected from waste, fraud, and mismanagement, (4) laws and regulations are followed, and (5) reliable and timely information is obtained, maintained, reported, and used for decision making.

SCOPE AND OBJECTIVES:

The objectives will be to determine NRC's compliance with the Federal Managers' Financial Integrity Act and to report any significant internal control deficiencies.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Implementation of Its Simplified Acquisition Process

DESCRIPTION AND JUSTIFICATION:

Simplified acquisition is defined by the Federal Acquisition Streamlining Act of 1994 as purchases not exceeding the maximum threshold of \$100,000, using procedures prescribed in the Federal Acquisition Regulation Part 13. The procedures are intended to reduce administrative costs, improve opportunities for small business, promote efficiency and economy in contracting, and avoid unnecessary burden for agencies and contractors.

SCOPE AND OBJECTIVES:

The overall objectives are to determine whether (1) NRC policies governing simplified acquisitions adhere to applicable laws and regulations, (2) these policies, as implemented, provide the controls needed to ensure the integrity of the process, and (3) established controls provide reasonable assurance to protect NRC assets from loss through fraud, waste, or misuse.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Management Controls Associated with the Issuance of Import/Export Authorizations

DESCRIPTION AND JUSTIFICATION:

To ensure the safe, secure, and environmentally acceptable uses of nuclear energy, NRC maintains a program of international cooperation. In close coordination with the Departments of State, Energy, and Commerce, NRC is responsible for the licensing of exports and imports of nuclear facilities, equipment, material, and related commodities. NRC issues between 85 and 125 import/export licenses per year.

SCOPE AND OBJECTIVES:

The objectives are to determine if (1) management controls are in place to ensure that the import/export authorizations are properly reviewed and approved and (2) NRC effectively coordinates this activity internally and with other Federal agencies, as required.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Controls for the STARFIRE System

DESCRIPTION AND JUSTIFICATION:

STARFIRE is a new and unproven automated integrated financial management and resource system to be implemented in FY 2002. This audit will provide valuable information for the FY 2002 financial statement audit.

SCOPE AND OBJECTIVES:

The purpose of this audit is to assess and determine the adequacy of internal and system controls. Emphasis will be placed on comparing the existing automated system (Pay/Pers) controls with STARFIRE controls. The audit will examine the human resources, time and labor, and payroll controls.

SCHEDULE: To begin in the 2nd quarter of FY 2002.

Audit of NRC's Contract Closeout Process

DESCRIPTION AND JUSTIFICATION:

NRC has specific procedures established to close out expired contracts. Although these procedures place a high priority on deobligation of excess funds, a portion of the funds is retained until completion of closeout. Currently, there are 184 contracts awaiting closeout, including 36 fixed price actions. The expiration dates vary, but some contracts expired more than five years ago.

SCOPE AND OBJECTIVES:

The objectives will be to determine (1) whether NRC policies and procedures adhere to applicable regulations, (2) the adequacy of management controls associated with NRC's contract closeout procedures, including desk review procedures, and (3) NRC's compliance with its own closeout procedures, with an emphasis on timeliness.

SCHEDULE: To begin in the 2nd quarter of FY 2002.

Audit of NRC'S FY 2002 Financial Statements

DESCRIPTION AND JUSTIFICATION:

Under the Chief Financial Officers Act and the Government Management and Reform Act, the OIG is required to audit the financial statements of the NRC. We will measure the agency's improvements by assessing corrective action taken on the prior year's audit findings.

SCOPE AND OBJECTIVES:

The OIG will audit NRC's financial statements in accordance with applicable auditing standards. The audit will express an opinion on the agency's financial statements, evaluate internal controls, review compliance with applicable laws and regulations, review the performance measures included in the financial statements for compliance with OMB guidance, and review the controls in the NRC's computer systems that are significant to the financial statements.

SCHEDULE: To begin in the 3rd quarter of FY 2001.

Audit of NRC's Contract Administration Practices

DESCRIPTION AND JUSTIFICATION:

During FY 2000, NRC obligated \$83 million in contract actions for DCPM activities alone. Additional funds are obligated for contract vehicles outside the realm of DCPM.

DCPM is responsible for (1) developing and implementing agencywide contracting policies and procedures and (2) providing advice and assistance to NRC program officials regarding the Nuclear Regulatory Commission Acquisition Regulation (NRCAR), the Federal Acquisition Regulation (FAR), and methods for meeting program objectives consistent with such regulations.

To meet the needs of agency's contract management personnel, DCPM is working with the Office of Human Resources to restructure and update the agency's acquisition training curriculum. The curriculum includes both mandatory and recommended modules and focuses on the entire NRC acquisition process.

SCOPE AND OBJECTIVES:

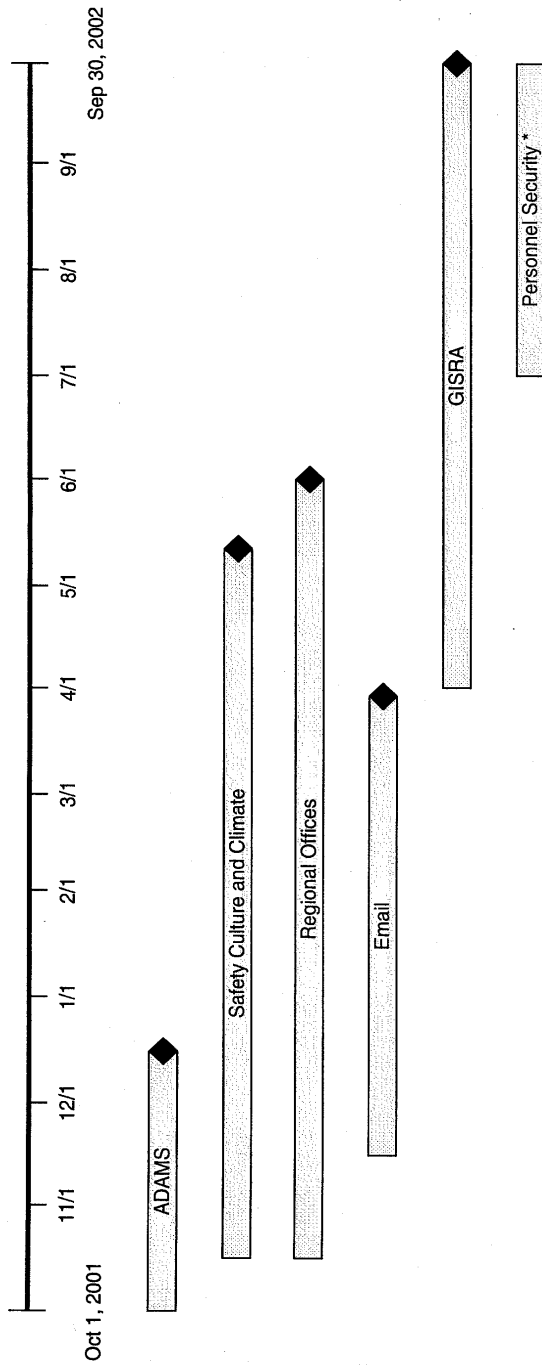
The objectives are to determine whether NRC provides adequate (1) oversight of the contracting process and (2) training for agency contracting personnel. This audit will include contracts outside of DCPM's span of control.

SCHEDULE: To begin in the 4th quarter of FY 2002.

**INFORMATION MANAGEMENT AND
ADMINISTRATIVE TEAM AUDITS
PLANNED FOR FY 2002**

Fiscal Year 2002

Information Management & Admin Audits



Audit Report

* Audit concludes in FY 2003.

Audit of the Agencywide Documents Access and Management System (ADAMS)

DESCRIPTION AND JUSTIFICATION:

The ADAMS document management system has substantially changed the way NRC staff and external stakeholders manage and retrieve documents. The implementation of ADAMS impacts essentially all of the corporate management strategies aimed at helping the NRC accomplish its strategic and performance goals. The Office of the Chief Information Officer (OCIO) prepared a lessons learned study to evaluate whether ADAMS has met its objectives and whether it adequately supports the agency's public confidence goal.

On May 22, 2000, the Chairman requested that OCIO conduct an assessment of issues affecting the implementation of ADAMS and provide an action plan for addressing the issues identified during the assessment. Based on the action plan, the Chairman requested that the Chief Information Officer (CIO) take the following actions:

- conduct an independent assessment of ADAMS to determine whether the agency is on an appropriate pathway to establish an electronic document management system to meet NRC's long-term needs by March 2001;
- work with NRC staff and the public to address the issues affecting the public's ability to use ADAMS; and
- make the ADAMS Assessment Plan available to the staff on the NRC website and in ADAMS, and maintain the Plan as a "living document."

SCOPE AND OBJECTIVES:

This audit is assessing the extent to which the CIO has successfully implemented the requests from the Chairman and what went wrong during the ADAMS project and why. Objectives are to determine how effectively the Chairman's requests have been carried out and assess whether the lessons learned and system fixes resulted in adequate improvements to the system to justify its continued use.

SCHEDULE: Started in the 3rd quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

Audit of the NRC's Safety Culture and Climate

DESCRIPTION AND JUSTIFICATION:

In 1998, OIG competitively selected International Survey Research (ISR) to assist in completing an assessment of the agency's safety culture and climate. ISR is a recognized expert in the field and has thoroughly developed and tested the process for conducting surveys and providing feedback of the results. OIG surveyed NRC employees from late February 1998, through March 1998. ISR compiled the survey results and shared the information with the agency in an oral briefing on June 25, 1998. Through this survey, OIG gained a thorough understanding of NRC's organizational safety culture and climate as perceived by its employees. This information also helped the IG program his available resources to the most beneficial work for the agency.

A primary objective of the first Safety Culture and Climate Survey was to establish a baseline for future measurements of the NRC's safety culture and climate. The IG believed this baseline was needed to understand agency staff perceptions regarding the safety culture and climate in which they worked.

SCOPE AND OBJECTIVES:

The overall scope of this work is to survey NRC's entire workforce to measure the agency's organizational safety culture and climate. The survey will give each NRC employee the opportunity to provide his or her opinion in an anonymous and confidential way. OIG will share the results of the survey with NRC.

The overall objectives are to (1) compare the results from this survey with the baseline results developed from the survey conducted in 1998, and (2) facilitate OIG's programming of its resources to the highest priority targets.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Regional Offices

DESCRIPTION AND JUSTIFICATION:

NRC regional offices execute established agency policies and assigned programs relating to inspection, licensing, incident response, governmental liaison, resource management, and human relations. Each regional office implements an array of technical and administrative programs, and activities through three technical and one administrative division. The Divisions of Reactor Projects, Reactor Safety, and Nuclear Materials Safety carry out a substantial part of NRC's safety mission. Also, the Division of Resource Management and Administration provides various administrative support functions for the entire regional office.

Although the OIG has audited various aspects of regional operations, OIG has not performed a comprehensive management review of all regional offices.

SCOPE AND OBJECTIVES:

This audit will cover the full range of a region's operations and offer opportunities for OIG to identify issues uniquely related to NRC's regional offices. The overall objectives will be to evaluate three broad areas: (1) Policy Implementation - whether policy goals and objectives are being effectively achieved and all elements of a regional office are being adequately coordinated; (2) Resource Management - whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported; and (3) Management Controls - whether the administration of activities and operations meets the requirements of applicable laws and regulations and whether other internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement.

OIG will initiate this audit in one regional office. Upon completion of that first audit, the results will be used to focus the audit objectives for the remaining regional offices. A separate audit report will be written for each region. A roll up report will be written on the overall results. As part of the roll up report, good business practices identified in one or more regions may be identified.

SCHEDULE: The first regional audit will begin in the 1st quarter of FY 2002. The other regional audits will begin in the 2nd quarter of FY 2002.

Audit of E-Mail Use by NRC Employees

DESCRIPTION AND JUSTIFICATION:

The use of e-mail is increasing rapidly in the Government. Increased use of e-mail as an effective business tool should be encouraged because many benefits, such as more rapid and accurate communication, accrue due to its use. While e-mail offers the benefits of speed and efficiency, it also presents management with new challenges. Specifically, management must ensure that (1) policies and procedures are in place detailing proper e-mail use, (2) there is a system to evaluate if employees are adhering to those policies and procedures, and (3) there is a process to ensure that e-mails become official agency records, as appropriate.

SCOPE AND OBJECTIVES:

The objectives are to determine whether (1) NRC has adequate policies and procedures (controls) covering the use of its e-mail system; (2) the overall usage of the e-mail system is consistent with agency policies; and (3) NRC has an adequate process for ensuring that appropriate e-mails become official agency records.

SCHEDULE: To begin in the 1st quarter of 2002.

Audit of NRC's Information Security

DESCRIPTION AND JUSTIFICATION:

The Government Information Security Reform Act (GISRA) was enacted in October 2000 and became effective on November 29, 2000. The GISRA seeks to ensure the proper management and the security of the IT resources supporting Federal operations and assets. GISRA requires annual agency IT security program reviews and reporting of the reviews to the OMB. In accordance with OMB guidance, OIG and the OCIO coordinated efforts to prepare a report consisting of two sections, issued in September 2001, with the agency's budget submission. The OCIO will provide a corrective action plan to OMB and OIG in October 2001, which OIG will review. In compliance with the GISRA, OIG will conduct the second independent evaluation of the agency's information security program and practices during FY 2002.

SCOPE AND OBJECTIVES:

The objectives will be to evaluate (1) the adequacy of NRC's information security programs and practices for NRC major applications and general support systems of record for FY 2002, (2) the effectiveness of agency information security control techniques, and (3) the implementation of the NRC's corrective action plan created as a result of the 2001 GISRA program review.

SCHEDULE: To begin in the 3rd quarter of FY 2002.

Audit of NRC's Personnel Security Program

DESCRIPTION AND JUSTIFICATION:

The Personnel Security Branch, Division of Facilities and Security, Office of Administration, administers NRC's Personnel Security Program. This program includes making determinations on the initial and continuing eligibility of NRC applicants, consultants, and employees for facilities access authorizations, employment clearances, and access to restricted data and national security information. This Branch also administers the Classified Visitor Control Program and maintains liaison with other organizations such as the Office of Personnel Management, the Federal Bureau of Investigation, and the Central Intelligence Agency on personnel security matters.

SCOPE AND OBJECTIVES:

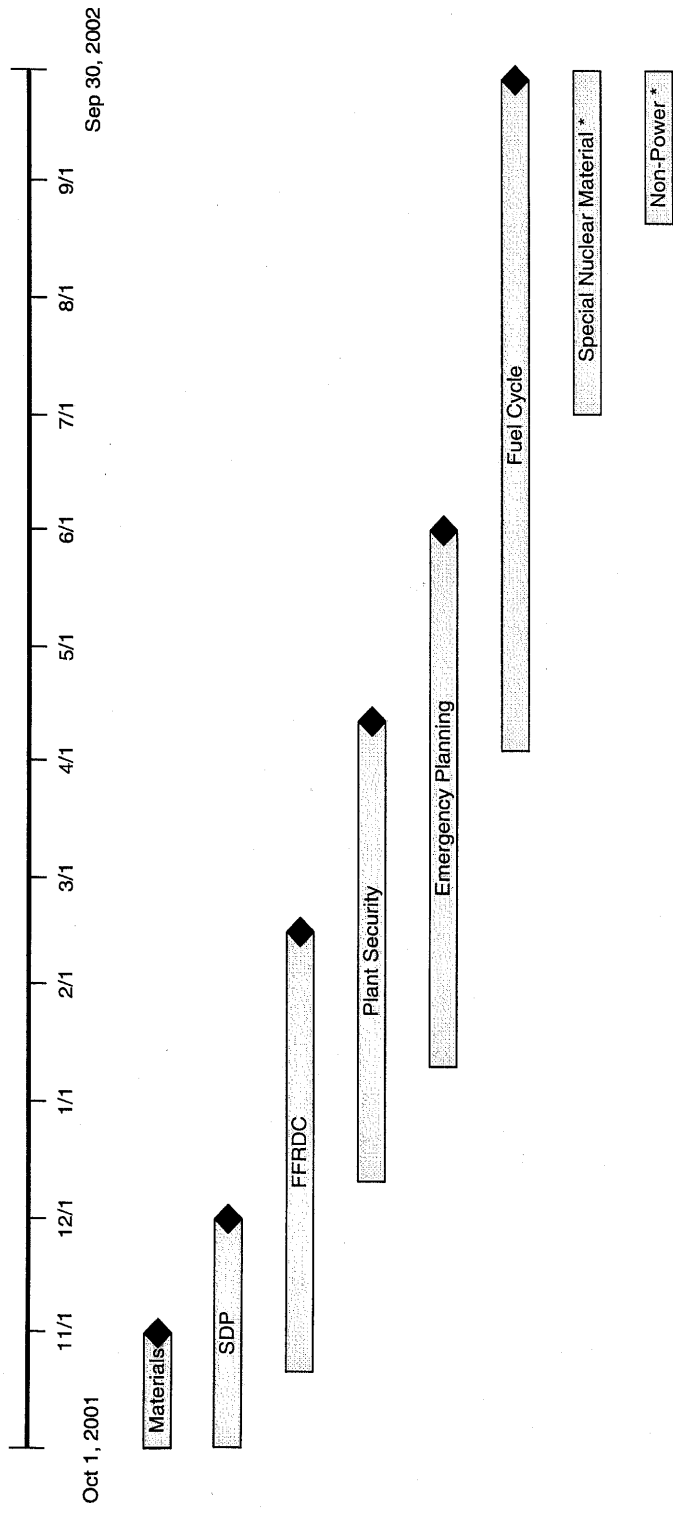
This audit will focus primarily on the access and clearance process for employees and contractors. The objective will be to determine whether the program is effectively managed and achieves its goals.

SCHEDULE: To begin in the 4th quarter of FY 2002.

**TECHNICAL PROGRAM TEAM AUDITS
PLANNED FOR FY 2002**

Fiscal Year 2002

Technical Audits



Audit Report

* Audit concludes in FY 2003.

Audit of the Impact of Changes in the Agreement States Program

DESCRIPTION AND JUSTIFICATION:

Agreement States are those that have signed agreements with NRC that allow the State to regulate the use of radioactive material within that State. Under the Agreement State Program, the Office of State and Tribal Programs is responsible for establishing and maintaining communications and working relationships between NRC and local governments, Native American tribes, and the 32 Agreement States. The Agreement State Program has grown in recent years. Currently, Agreement States regulate about 75 percent of the material licensees in the United States with the potential of reaching 80 percent by FY 2003.

Although NRC's presence in the Agreement State Program has been reduced, the agency maintains a significant infrastructure of regulations and supporting guidance for material licensees. NRC is also placing increased emphasis on activities supporting a national infrastructure such as rulemaking, technical support, developing additional program guidance, event follow up, and the Integrated Material Performance Evaluation Program. Under this initiative, NRC reviews Agreement State and regional office programs to ensure they are compatible and adequate to protect public health and safety.

SCOPE AND OBJECTIVES:

The objectives are to determine (1) how changes in the Agreement State Program are affecting NRC's operations in critical areas such as fees the agency charges to licensees and (2) whether the agency is appropriately adjusting its resources and operations to reflect the transfer of materials licenses to new Agreement States.

SCHEDULE: Started in the 2nd quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

Audit of the Significance Determination Process

DESCRIPTION AND JUSTIFICATION:

The Office of Nuclear Reactor Regulation is installing a new reactor oversight and assessment program to gauge licensee performance and cite violations where appropriate. A critical element of this process is the Significance Determination Process (SDP), which staff are supposed to use to assess inspection findings and determine whether additional inspection and enforcement action is warranted. NRC's objective in using the SDP is to achieve better consistency in the way agency staff measure and respond to licensee performance and inspection findings.

SCOPE AND OBJECTIVES:

The objectives are to determine whether (1) NRC staff clearly understand the SDP process, (2) NRC staff are using the process in accordance with agency guidance, and (3) the process is achieving desired results.

SCHEDULE: Started in the 4th quarter of FY 2001 and scheduled to be completed in the 1st quarter of FY 2002.

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

JUSTIFICATION AND DESCRIPTION:

In October 1987, the NRC entered into a 5-year contract with Southwest Research Institute (SwRI) to operate a Federally Funded Research and Development Center (FFRDC) in San Antonio, Texas. SwRI established the Center for Nuclear Waste Regulatory Analyses (the Center) to provide the agency with long-term technical assistance and research related to the NRC's High-Level Waste (HLW) program under the Nuclear Waste Policy Act of 1982, as amended. NRC extended the contract in October 1992, and again in October 1997. The current contract is scheduled to expire on September 30, 2002. The current contract ceiling is \$87.6 million, which represents one of NRC's largest active contracts. The Commission must decide whether to renew the contract with SwRI for the operation of the Center.

The FAR requires that, prior to extending a contract for an FFRDC, a sponsor must conduct a comprehensive review of the use and need of the FFRDC. In 1992 and 1997, OIG reviewed the nature and adequacy of the NRC's renewal justification. These reviews resulted in several recommendations that were accepted and implemented by the Executive Director for Operations.

SCOPE AND OBJECTIVES:

The purpose of this audit is to determine if the NRC is properly considering all FAR requirements for an FFRDC review in preparing its renewal justification. Additionally, the audit will examine how NRC fulfills its responsibilities for overseeing the FFRDC in San Antonio.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Nuclear Power Plant Security Program

DESCRIPTION AND JUSTIFICATION:

Nuclear power plants, like any other industrial facility, can provide a terrorist target. NRC and licensees have programs to ensure that plant operation and public health and safety is not jeopardized by security compromises. In recent years, concerns have been expressed that NRC's nuclear plant security requirements do not adequately reflect realistic terrorist actions or threats. The agency and licensees have been exploring alternatives to strengthen security programs at nuclear power plants, but questions have been raised about whether the alternatives are adequate in light of recent events.

SCOPE AND OBJECTIVES:

The objective will be to determine whether NRC security requirements adequately address current threats.

SCHEDULE: To begin in the 1st quarter of FY 2002.

Audit of NRC's Emergency Planning Program

DESCRIPTION AND JUSTIFICATION:

An incident at an operating nuclear power plant highlighted numerous longstanding weaknesses in the licensee's event notification system. These weaknesses contributed to the licensee not providing timely notification of the event to appropriate State and local officials. As a result, there has been heightened public concern regarding the adequacy and reliability of NRC's and licensee emergency planning programs.

SCOPE AND OBJECTIVES:

The objectives are to determine (1) the adequacy of NRC's oversight of licensee emergency programs to ensure that licensees respond appropriately when emergencies arise, (2) how NRC ensures that licensees take corrective action when program weaknesses are identified, and (3) whether licensee programs contain necessary and sufficient information to ensure timely and accurate notification to appropriate State and local officials if an emergency arises.

SCHEDULE: To begin in the 2nd quarter of FY 2002.

Audit of NRC's Nuclear Fuel Cycle Facility Safety Inspection Program

DESCRIPTION AND JUSTIFICATION:

NRC licenses and inspects about 25 commercial facilities that convert uranium ore into fuel used in nuclear power plants. These facilities include gaseous diffusion plants, highly enriched uranium fuel fabrication facilities, low-enriched uranium fuel fabrication facilities, and one uranium hexafluoride production facility. Each facility possesses large quantities of materials that could pose a significant threat to the public and the environment. An accident in September 1999 at a fuel conversion plant in Tokaimura, Japan, raised concerns about the safety of nuclear fuel production.

The agency's nuclear fuel cycle facility safety inspection program seeks to ensure that licensees adequately protect public health and safety and the environment when source or special nuclear material is used to produce nuclear fuel. In 1999, the NRC launched an initiative to substantially revise its regulatory oversight at fuel cycle facilities and reduce unnecessary regulatory burden.

SCOPE AND OBJECTIVES:

The objective is to determine whether NRC's new fuel cycle facility safety inspection program adequately addresses safety concerns at the facilities while reducing unnecessary regulatory burden.

SCHEDULE: To begin in the 3rd quarter of FY 2002.

Audit of NRC's Accountability for Special Nuclear Materials

DESCRIPTION AND JUSTIFICATION:

The Department of Energy (DOE) produces special nuclear material that is used by some NRC licensees. Accurately accounting for this material is technically challenging and has a history of difficulties. The Nuclear Materials Management and Safeguards System (NMMSS) is designed to assist DOE and NRC staff maintain control over and account for these materials. However, significant discrepancies are periodically identified between the amounts of materials recorded in NMMSS and licensee records. This raises questions regarding how accurately NRC inspection staff are able to identify and account for special nuclear material entrusted to licensees. This audit will respond to longstanding public concerns regarding the accurate control and use of special nuclear materials. The audit will primarily focus on materials licensees.

SCOPE AND OBJECTIVES:

The objective is to determine whether NRC inspection staff are able to accurately identify and account for special nuclear materials used by licensees.

SCHEDULE: To begin in the 4th quarter of FY 2002.

Audit of NRC's Nonpower Reactor Inspection Program

DESCRIPTION AND JUSTIFICATION:

Nuclear nonpower reactors are designed and utilized for research, testing, and educational purposes. NRC has licensed 37 nonpower reactors to operate in 24 States. Since 1958, 73 licensed nonpower reactors have been decommissioned. Three nonpower reactors are currently being decommissioned, and 10 have possession-only licenses.

About 300 nonpower reactor operators are currently licensed to operate these facilities. Each nonpower reactor operator is requalified before renewal of a 6-year license.

SCOPE AND OBJECTIVES:

The objective is to determine whether NRC's nonpower reactor inspection program is providing adequate oversight of these facilities.

SCHEDULE: To begin in the 4th quarter of FY 2002.

**INVESTIGATIONS — PRIORITIES, OBJECTIVES,
AND INITIATIVES FOR FY 2002**

INTRODUCTION

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

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

This investigative plan was developed to focus OIG investigative priorities and use available resources most effectively. It provides strategies and planned investigative work for FY 2002 in conjunction with the (1) OIG Strategic Plan for FYs 2000-2005 and (2) OIG's budget submission as reflected in NRC's *Budget Estimates and Performance Plan* for FY 2002. The most serious management challenges facing the NRC were also considered in the development of this plan.

PRIORITIES

The OIG will conduct between 50 and 70 investigations and event inquiries in FY 2002. As in the past, reactive investigations into allegations of criminal and other wrongdoing will continue to claim priority in our use of available resources. Because the NRC's mission is to protect the health and safety of the public, one of Investigations' main concentrations of effort and resources will involve investigations of alleged NRC staff misconduct that could adversely impact on health and safety related matters. These investigations typically include allegations of:

1. Misconduct by high ranking NRC officials and other NRC officials, such as managers and inspectors, whose positions directly impact public health and safety.
2. Failure by NRC management to ensure that health and safety matters are appropriately handled.
3. Failure by the NRC to appropriately transact nuclear regulation publicly and candidly and to openly seek and consider the public's input during the regulatory process.

4. Conflicts of interest by NRC employees with NRC contractors and licensees involving such matters as promises of future employment for favorable or inappropriate treatment and the acceptance of gratuities.
5. Fraud in the NRC procurement program involving contractors violating Government contracting laws and rules.

Other reactive cases involving criminal and other wrongdoing, as well as proactive initiatives, will be pursued as resources allow. These include cases involving theft of property, Government credit card abuse, false travel and expense reimbursement claims, and fraud in the Federal Employees Compensation Act (FECA) program.

OBJECTIVES

To facilitate the most effective and efficient use of limited resources, Investigations has established specific objectives aimed at preventing and detecting fraud, waste and abuse as well as optimizing NRC effectiveness and efficiency. To that end, Investigations will focus its investigative efforts in 6 broad based areas which contain 20 specific investigative objectives, as follows:

Employee Misconduct

- ◆ Situations where NRC employees improperly disclosed alleged' (mainly licensee employees) identities and allegations, NRC employees improperly handled allegations, and NRC failed to properly address retaliation issues involving licensee employees who raised health and safety concerns at nuclear power plants.
- ◆ Instances where the NRC has not maintained an appropriate "arms length" distance from licensees, particularly in the inspection process.
- ◆ Instances where NRC employees released predecisional or confidential information to the nuclear industry that could have had an impact on power plant operations or interfered with litigation involving agency decisions.
- ◆ Instances where NRC employees had improper personal relationships with licensees and where NRC employees violated Government-wide ethics regulations concerning the solicitation of employment.

Fraud Program

- ◆ Attempt to detect possible wrongdoing in NRC's procurement and contracting program by maintaining a close working relationship with DCPM. This will include periodic meetings between OIG and DCPM management officials and a fraud awareness presentation by OIG special agents to DCPM contract specialists, NRC project managers, NRC project officers, and other identified employees.

- ◆ Aggressively pursue investigations appropriate for Program Fraud Civil Remedies Act action, including abuses involving false reimbursement claims and false statements by contractors.
- ◆ Attempt to detect possible instances of NRC employees improperly receiving FECA benefits. This will include periodic meetings between OIG and Office of Human Resources management officials and the periodic examination of agency and Department of Labor records pertaining to this program.
- ◆ Coordinate with NRC property custodians and the Division of Facilities and Security in instances involving theft of computers and other agency equipment.
- ◆ Coordinate with DCPM regarding accountability issues surrounding property purchased with NRC funds by a contractor or property furnished by the NRC to a contractor.
- ◆ Coordinate with the Office of the Chief Financial Officer in instances involving abuse of individual credit cards issued to agency employees as well as credit cards issued for the procurement of supplies and equipment.
- ◆ Coordinate with the OIG Audit IAMs in an effort to identify areas or programs with indicators of possible fraud, waste, and abuse.
- ◆ Conduct fraud awareness and information presentations regarding the role of the OIG at the NRC to NRC employees as scheduled by the IG.
- ◆ Conduct event inquiries to examine events or agency actions that indicate the agency did not appropriately accomplish its regulatory mandate. Prepare management implications reports identifying root causes of problems as requested by the NRC Chairman.

OIG Hotline

- ◆ Promptly process complaints received via the OIG Hotline. Initiate investigations when warranted and properly dispose of allegations that do not warrant OIG investigation, to include referral to other organizations.

FOIA/Privacy Act

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

NRC Support

- ◆ Participate as observers on Incident Investigation Teams and Accident Investigation Teams when requested by NRC senior management.

Liaison Program

- ◆ Maintain close relationships with other law enforcement bodies, public interest groups, and the Congress. This will be accomplished through periodic meetings with AIGs, pertinent congressional staff, public interest groups, and appropriate law enforcement organizations.
- ◆ Take an aggressive stand to protect NRC infrastructure against both internal and external computer intrusions by working in close coordination with OCIO and NRC systems administrators. This will include developing and disseminating criminal intelligence to assist in protecting NRC computer systems, aggressively pursuing suspected cyber fraud cases and training a second OIG criminal investigator as a Seized Computer Evidence Recovery Specialist.
- ◆ Maintain a viable regional liaison program to foster a closer working relationship with NRC regional offices.
- ◆ Establish and maintain NRC OIG active participation in OIG community fraud working groups, multi-agency fraud task forces, and multi-agency undercover operations where a nexus to NRC programs and operations has clearly been established.

INITIATIVES

OIG Investigations established the following initiatives to increase productivity and improve the effectiveness and efficiency of the OIG investigations program:

1. **Quality Assurance (QA)** - Investigations will use an outside consultant to conduct periodic QA reviews of the investigative program. In FY 2002, these reviews will address such areas as adherence to investigative guidelines, quality of investigative reports, and adherence to standards of the President's Council on Integrity and Efficiency. These reviews will be accomplished through examination of OIG investigative files and will be augmented by interviews with OIG and NRC officials, congressional staff, officials of other agencies, and a customer satisfaction survey.
2. **Case Management and Information Systems** - Investigations will use an outside consultant to customize and implement a commercial-off-the-shelf software application to support its business processes. The new application will provide secure, easy-to-use access to investigative data for staff and managers. The target date to go online is during the current fiscal year.

3. **Health Improvement Program (HIP)** - The OIG HIP is a mandatory program for all employees in the GG-1811 series. Other OIG employees are eligible to participate in the HIP if they meet the medical standards and fitness levels required for participation. HIP objectives are to (1) improve and maintain the fitness level of special agents and other OIG employees and (2) encourage lifestyle changes to increase productivity and decrease disability within the workforce.
4. **Revisions to Investigative Guidelines** - A complete review of the Special Agent's Handbook, with appropriate revisions, was completed in FY 2001. In FY 2002, all investigative guidelines as well as the Handbook will be analyzed by the investigators and managers to ascertain if improvements or clarifications are appropriate. Amendments to the Handbook text will be issued, as needed, throughout the year by AIGI memoranda.
5. **OIG Fraud Awareness Bulletin** - Investigations will publish a quarterly bulletin focused on sensitizing NRC employees to instances of fraud that have occurred within the agency. The bulletin is also intended to create an awareness among NRC employees of their potential vulnerability to Internet fraud schemes.

ALLOCATION OF RESOURCES

Investigations will undertake proactive initiatives where resources allow. Of the resources available for direct investigative activities, it is anticipated that approximately 80 percent will be spent on reactive investigations. We have planned for 20 percent of investigative time to be allocated to proactive investigative efforts such as reviews of NRC contract files, participation in interagency task forces and working groups, reviews of delinquent Government credit card accounts, and other initiatives.

**LISTING OF ISSUE AREAS
AND DESIGNATED ISSUE AREA MONITORS**

ISSUE AREAS AND DESIGNATED ISSUE AREA MONITORS

NUCLEAR REACTOR SAFETY ARENA

William McDowell
Cathy Colleli

NUCLEAR MATERIALS SAFETY ARENA

Robert Moody
Cheryl Miotla

NUCLEAR WASTE SAFETY ARENA

Russell Irish
Judy Gordon

NUCLEAR REGULATORY RESEARCH

David Horn
Yvette Russell

MANAGEMENT AND SUPPORT

Information Management and Security

Corenthis Kelley
Beth Serepca
Vicki Foster

Financial

Anthony Lipuma
Debra Lipkey

Administration/Other

Steven Zane
Michael Steinberg

Contract and Procurement

Kathleen Stetson

**LISTING OF ABBREVIATIONS
AND ACRONYMS**

ABBREVIATIONS AND ACRONYMS

AID	Agency for International Development
AIGI	Assistant Inspector General for Investigations
ADAMS	Agencywide Documents Access and Management System
CIO	Chief Information Officer
DCAA	Defense Contract Audit Agency
DCPM	Division of Contracts and Property Management
DOE	Department of Energy
DOJ	Department of Justice
FFRDC	Federally Funded Research and Development Center
FTE	full-time equivalent
FY	fiscal year
GISRA	Government Information Security Reform Act
HIP	health improvement program
IAM	Issue Area Manager
IG	Inspector General
IT	information technology
ISR	International Survey Research
NMMSS	Nuclear Materials Management and Safeguards System
NRC	U.S. Nuclear Regulatory Commission
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget
RMOS	Resource Management and Operational Support
SDP	significance determination process
SwRI	Southwest Research Institute
QA	quality assurance