

December 23, 2005

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE
NUCLEAR REGULATORY COMMISSION'S
DECOMMISSIONING PROGRAM (OIG-05-A-17)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR MATERIALS,
RESEARCH, STATE AND COMPLIANCE PROGRAMS,
MARTIN J. VIRGILIO MEMORANDUM DATED
NOVEMBER 16, 2005,

Attached is the Office of the Inspector General's analysis and status of recommendations as discussed in the agency's responses dated November 16, 2005. Based on these responses, recommendation 2 is closed, and recommendations 1, 3 and 4 are resolved. Please provide an update on all resolved recommendations by March 15, 2006.

If you have any questions or concerns, please call me at 415-5915.

Attachment: Status of Recommendations

cc: W. Dean, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

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Audit of the Nuclear Regulatory Commission's
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Status of Recommendations

Recommendation 1: Clarify and disseminate expectations for generating and maintaining supporting documentation for performance data to staff responsible for preparing and collecting performance data.

Response Dated

November 16, 2005: Agree. The OCFO is developing a draft revised Management Directive (MD) 4.7, "Planning, Budgeting, and Performance Management (PBPM)," clarifying the roles and responsibilities of the CFO, EDO, and the Program Review Committee in the PBPM process. The revised MD 4.7 will provide guidance on performance measurement, including clarification of the expectations for generating and maintaining supporting documentation for performance data. The final MD is expected to be published in FY 2006.

OIG Analysis: The agency's proposed actions meet the intent of this recommendation. This recommendation will be closed when the final revised Management Directive 4.7, "Planning, Budgeting, and Performance Management (PBPM)" is published that includes clarifications of expectations for generating and maintaining supporting documentation for performance data.

Status: Resolved.

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Status of Recommendations

Recommendation 2: Bring closure to the following outstanding Program Evaluation recommendation—
“Establish a baseline for decommissioning costs for specific sites and explore the feasibility of a method to measure efficiency and cost effectiveness.”

Response Dated

November 16, 2005: Agree. Consistent with the planned completion date noted in the September 13, 2005, memorandum from L.A. Reyes to S. Dingbaum, the staff completed its work, in September 2005, to establish a baseline for decommissioning costs and to explore the feasibility of a method to measure efficiency that had been identified in the Decommissioning Program Evaluation and the Integrated Decommissioning Improvement Plan (IDIP). This work is described, along with other decommissioning improvements, in a report entitled, “Decommissioning Program Continuous Improvement Report for FY 2004-2005,” which was completed on October 31, 2005. There is one new related follow-up task for fiscal year (FY) 2006 that was identified after development of the IDIP. This work consists of analyzing the FY 2005 resource expenditure data, when they become available, and comparing them to the FY 2003 and FY 2004 data, to further evaluate the resource and time data for measuring efficiency gain. Completion date for the analysis of FY 2005 expenditure data: December 2005.

OIG Analysis: The agency's response cites the “Decommissioning Program Continuous Improvement Report for FY 2004-2005” (the *Continuous Improvement Report*), as evidence of progress towards closure of this recommendation. OIG reviewed the description of work that is included in the *Continuous Improvement Report* to establish a baseline for decommissioning costs and to explore the feasibility of a method to measure efficiency.

According to the *Continuous Improvement Report*, the staff conducted two activities related to establishing baseline costs and developing methodology for measuring efficiencies. Specifically, under the first activity, the staff developed tools for tracking and

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evaluating staff resource expenditure data to use during the budget execution each year. The second activity describes development of quantitative methods to measure efficiency gains from year to year. As part of the second activity, the staff—

- collected and processed resource expenditure data from FY 2003 and FY 2004 for selected sites that had submitted a decommissioning plan;
- defined FY 2003 as the “baseline” year;
- developed a method for comparing decommissioning resource data from year to year; and
- began comparing FY 2003 and FY 2004 resource data for decommissioning plan reviews.

The actions completed by staff address the intent of this recommendation. Therefore, OIG considers this recommendation closed.

Status: Closed.

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Recommendation 3: Bring closure to the following outstanding Program Evaluation recommendation—
“Coordinate and review information from Headquarters and Regions for existing decommissioning sites to monitor progress, consistency, and efficiency of resolving common policy and technical issues.”

Response Dated

November 16, 2005: Agree. Consistent with the planned completion date noted in the September 13, 2005, memorandum from L.A. Reyes to S. Dingbaum, the staff completed its work for this improvement by September 2005, and described the improvements, along with other decommissioning improvements, in the “Decommissioning Program Continuous Improvement Report for FY 2004-2005.”

OIG Analysis: In the agency’s response, the Agency cites the *Continuous Improvement Report* as evidence of progress towards closure of this recommendation. OIG reviewed the description of work that is included in the *Continuous Improvement Report*.

According to the *Continuous Improvement Report*, the staff revised the Decommissioning Board Charter to include a coordinating role for other NRC organizations responsible for currently operating licensed sites to begin identifying and resolving conditions or events that could complicate future decommissioning. Additionally, staff incorporated the revised Charter into a procedure to be included in the Operations Manual. OIG also reviewed the revised Decommissioning Board Charter to confirm that revisions include this coordinating role.

Based on OIG review of these two documents, OIG acknowledges that actions completed by staff address the intent of this recommendation. Therefore, OIG considers this recommendation resolved. OIG will close this recommendation when NRC incorporates the procedure into the Operations Manual.

Status: Resolved.

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Recommendation 4: Bring closure to the following outstanding Program Evaluation recommendation—

“Coordinate and review information with currently operating licensed sites to identify and resolve conditions or events that could complicate future decommissioning.”

Response Dated

November 16, 2005: Agree. Consistent with the planned completion date noted in the September 13, 2005, memorandum from L.A. Reyes to S. Dingbaum, the staff completed its work for this improvement by September 2005, and described the improvements, along with other decommissioning improvements, in the “Decommissioning Program Continuous Improvement Report for FY 2004-2005.” As planned, there are related follow-up actions in this area that will require coordination with other NRC organizations based on the results of the study of operating sites with a high potential for subsurface contamination, completed in FY 2005, and the rulemaking to prevent future legacy sites, planned for FY 2006-2007.

OIG Analysis: In the agency’s response, the Agency cites the *Continuous Improvement Report* as evidence of progress towards closure of this recommendation. OIG reviewed the description of work that is included in the *Continuous Improvement Report*.

According to the *Continuous Improvement Report*, the staff revised the Decommissioning Board Charter to include a coordinating role for other NRC organizations responsible for currently operating licensed sites to begin identifying and resolving conditions or events that could complicate future decommissioning. Additionally, staff incorporated the revised Charter into a procedure to be included in the Operations Manual. OIG also reviewed the revised Decommissioning Board Charter to confirm that revisions included this coordinating role.

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The actions completed by staff address the intent of this recommendation. Therefore, OIG considers this recommendation resolved. OIG will close this recommendation when the procedure is incorporated into the Operations Manual.

Status: Resolved.