

August 15, 2006

MEMORANDUM TO: Luis A. Reyes  
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: MEMORANDUM  
REPORT: AUDIT OF THE OFFICE OF NUCLEAR  
MATERIAL SAFETY AND SAFEGUARDS PROCEDURES  
FOR PROCESSING INSPECTION GUIDANCE  
(OIG-06-A-13)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR MATERIALS  
RESEARCH, STATE AND COMPLIANCE PROGRAMS  
MEMORANDUM DATED JULY 28, 2006

Attached is the Office of the Inspector General (OIG) analysis and status of the recommendations as discussed in the agency's response dated July 28, 2006. Based on this response, recommendations 1 and 2 are now resolved pending completion of the actions contained in the Agency's response and OIG's review of those actions. Please provide an updated status of the resolved recommendations by January 31, 2007.

If you have any questions or concerns, please call me at 415-5915 or Tony Lipuma at 415-5910.

Attachment: As stated

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

## **Audit Report**

### **Audit of the Office of Nuclear Material Safety and Safeguards Procedures for Processing Inspection Guidance OIG-06-A-13**

#### **Status of Recommendations**

Recommendation 1: Revise the NMSS policy and procedures letter 1-76 for processing inspection guidance to include the full scope of activities and management controls associated with publishing, noticing, and implementing inspection guidance.

Agency  
Response Dated  
July 28, 2006:

Agree. NMSS has begun work on a revision to P&P 1-76 that will include the full scope of activities and management controls associated with publishing, noticing, and implementing inspection guidance. Completion Date: January 5, 2007.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. Recommendation 1 will be closed once OIG has received verification that NMSS has completed revision to policy and procedures letter 1-76 that includes the full scope of activities and management controls associated with publishing, noticing, and implementing inspection guidance.

**Status:**

Resolved.

## **Audit Report**

### **Audit of the Office of Nuclear Material Safety and Safeguards Procedures for Processing Inspection Guidance OIG-06-A-13**

#### **Status of Recommendations**

Recommendation 2: Formalize an agreement between NMSS and NRR on roles, responsibilities, and authorities regarding the processing of inspection guidance.

Agency  
Response Dated  
July 28, 2006:

Agree. Inspection Manual Chapter (IMC) 0040, "Preparing, Revising, and Issuing Documents for the NRC Inspection Manual," is the formal agreement in place for NMSS and NRR for the issuance of inspection guidance. NMSS, in conjunction with NRR, has reviewed IMC 0040 and agrees that the IMC should be revised to better define the roles, responsibilities, and authorities outlined in the IMC.

Staff from the Division of Industrial and Medical Nuclear Safety (IMNS), Fuel Cycle Safety and Safeguards (FCSS), and NRR met to discuss and to lay out a path toward addressing the findings. Based on those discussions relevant staff from IMNS and NRR will work together to revise IMC 0040. Staff from IMNS and NRR have been assigned to complete a draft revision that will be reviewed by management from both offices. Completion Date: January 12, 2007.

NMSS is reorganizing into two separate offices. The details of the reorganization are being finalized, functional statements are being completed, and the division of responsibilities for maintenance of the IMC are still being determined. These changes and decisions will impact the roles, responsibilities, and authorities defined in P&P 1-76 and IMC 0040. Therefore, staff proposes to provide drafts of the two documents for its management review within 60 days following the effective date of the reorganization, October 1, 2006 (see Table, below, of milestones).

In the interim, staff will prepare a memorandum for the Office Director's signature notifying NMSS staff of the requirement to process all NMSS IMC revisions through the NMSS designated contact. The NMSS Manual Coordinator will ensure that all matters

Recommendation 2 (continued):

related to the Inspection Manual are coordinated with the NRR designated contact.

The table below outlines the schedule for responding to Recommendations 1 and 2.

Memorandum from NMSS Office Director	Issue 8/15/06
Draft revised P&P 1-76	December 1, 2006
Draft revised IMC 0040	December 1, 2006
Complete Management review of IMC 0040	December 15, 2006
Complete Management review of P&P 1-76	December 22, 2006
Issue Revised P&P 1-76 to staff	January 5, 2007
Revised IMC 0040 on websites	January 12, 2007

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. Recommendation 2 will be closed once OIG has received verification that the IMC is revised to better define the roles, responsibilities, and authorities regarding the processing of inspection guidance.

**Status:**

Resolved.