

August 20, 2007

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Luis A. Reyes */RA/*
Executive Director for Operations

SUBJECT: AUDIT OF NRC'S NON-CAPITALIZED PROPERTY (OIG-07-A-14)

The following provides planned actions in response to the recommendations identified in your memorandum dated July 12, 2007, regarding the subject audit report.

Recommendation 1

Incorporate responsibility for property management into the Senior Executive Service Performance Plan and Appraisal.

Response

Agree. The Office of Administration (ADM) will work with the Office of Human Resources to incorporate responsibility for property management into the FY 2009 Senior Executive Service Performance Plans and Appraisals by July 31, 2008.

Recommendation 2

Incorporate property management duties and responsibilities into all property custodian and alternate property custodian performance evaluations.

Response

Agree. This has been accomplished by memoranda dated September 25, 2001, and October 10, 2006 (ML062580202), to Office Directors and Regional Administrators in which ADM requested that position descriptions and elements and standards for property custodians be updated to include property custodian duties. Individual offices are responsible to complete this action to revise employee elements and standards. ADM will issue another memorandum to Office Directors and Regional Administrators requesting certification by October 30, 2007 that position descriptions and elements and standards for property custodians have been updated to include property custodian duties.

CONTACT: J. Heck, ADM/DFS
(301) 415-6672

Recommendation 3

Develop and implement performance measures to provide transparency of inventory results immediately after the physical inventory is taken.

Response

Agree. ADM will develop and implement performance measures by January 31, 2008, which will provide transparency of inventory results immediately after the physical inventory is taken.

Recommendation 4

Provide formal periodic mandatory property management training to property custodians and their alternates.

Response

Agree. ADM will continue to schedule quarterly meetings with Property Custodians following completion of the Summer Moves of Offices at the Headquarters project. The quarterly meetings will begin on or before January 31, 2008.

Recommendation 5

Raise the threshold for recording non-sensitive property in SPMS to \$1,000.

Response

Agree. This action will be completed and a new threshold established by January 31, 2008.

Recommendation 6

Modify NRC Form 395 to include a field for reporting instances to the Office of Information Services (OIS) when missing NRC property contains or may contain personally identifiable information (PII).

Response

Agree. NRC Form 395 (see Enclosure) was revised to include a statement in Block 11 regarding PII and has been added to the Informs database.

Recommendation 7

Modify Management Directive 13.1, "Property Management," to reference, where applicable, Management Directive 12.5, "NRC Automated Information Security Program," to include procedures for coordinating with OIS regarding missing property that contains or may contain PII.

Response

Agree. ADM will modify Management Directive 13.1 as noted in the recommendation by January 31, 2008.

Recommendation 8

Issue interim guidance to accomplish the intent of Recommendation 7, pending revision of Management Directive 13.1.

Response

Agree. ADM will work with OIS to issue a memorandum to office directors containing interim guidance to accomplish the intent of Recommendation 7 by November 30, 2007.

Recommendation 9

Reemphasize the importance of physical security to both employees and contractors using means such as yellow announcements or posters.

Response

Agree. In conjunction with the Office of Nuclear Security and Incident Response, the Office of the Inspector General, and the Office of the Information Services, ADM held a "Security Awareness Day" on May 9, 2007, to emphasize the importance of physical security and other aspects of NRC's security program. ADM will reemphasize the importance of physical security to both employees and contractors through a memorandum to office directors by November 30, 2007.

Recommendation 10

Periodically survey NRC buildings to ensure that physical security measures (i.e. locks, latches, door closers, badge readers, etc.) are functioning as intended for rooms containing mission critical equipment.

Response

Agree. ADM surveys the NRC's properties (through the use of the contract guard force to conduct roving patrols) and issues security infractions. ADM will issue security infractions by August 31, 2007, for the doors found open by the OIG inspection team.

Recommendation 11

Collaborate with OIG to modify NRC Management Directive 13.1, "Property Management," to develop a process for notifying the OIG Assistant Inspector General for Investigations of all reports (i.e., Form 395s) of missing sensitive property (regardless of value) and missing non-sensitive property with a current value of at least \$1,000.

Response

Agree. ADM will forward all NRC Form 395s with a depreciated value of \$1,000 or more to the OIG. ADM will collaborate with OIG to develop a revision to MD 13.1 to address the handling of Form 395s by January 31, 2008.

Recommendation 12

Issue interim guidance to accomplish the intent of Recommendation 11, pending revision of Management Directive 13.1.

Response

Agree. ADM will issue a memorandum to office directors containing interim guidance to accomplish the intent of Recommendation 11 by November 30, 2007.

I would also like to comment on the record keeping discrepancies noted in your report between the official agency property records and the Office of Investigations' (OI) internal records regarding firearms issued to OI agents. As stated in the OIG report, upon further review by OI and OIG, OI internal records were found to be thorough and complete with no firearms unaccounted for. The sixteen Smith & Wesson firearms noted in the OIG audit report were destroyed in September 2006 in accordance with Federal guidelines and this disposal was properly documented in OI records. This information was subsequently updated in the official agency property records.

Enclosure:
NRC Form 395

cc: Chairman Klein
Commissioner McGaffigan
Commissioner Jazcko
Commissioner Lyons
SECY

Response

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Enclosure:
NRC Form 395

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SECY

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