

EDO Principal Correspondence Control

FROM: DUE: 02/10/12 EDO CONTROL: G20110337  
DOC DT: 05/06/11  
FINAL REPLY:

Stephen D. Dingbaum, OIG

TO:

Borchardt, EDO

FOR SIGNATURE OF :

\*\* GRN \*\*

CRC NO:

Greene, ADM

DESC:

ROUTING:

Status of Recommendations: Audit of NRC's  
Management of Agreements with Department of Energy  
Laboratories (OIG-10-A-12) (Due to OIG: 2/10/12)  
(EDATS: OEDO-2011-0317)

Borchardt  
Weber  
Virgilio  
Ash  
Muessle  
OGC/GC  
Arildsen, OEDO

DATE: 05/06/11

ASSIGNED TO:

CONTACT:

ADM

Greene

SPECIAL INSTRUCTIONS OR REMARKS:

Please provide a complete response to Stephen D. Dingbaum addressing ALL resolved recommendations. Be sure to include the target completion date and identify the current point-of-contact for each recommendation. Forward final response memo via email (Forward as Attachment) to Judy Gordon, cc: Stephen Dingbaum, Steven Zane and the RidsEdoMailCenter by 2/10/12. If applicable, be sure to attach in email any Enclosures to the response.

Template: EDO-001

E-RIDS: EDO-01

# EDATS

Electronic Document and Action Tracking System

**EDATS Number:** OEDO-2011-0317

**Source:** OEDO

## General Information

**Assigned To:** ADM

**OEDO Due Date:** 2/10/2012 11:00 PM

**Other Assignees:**

**SECY Due Date:** NONE

**Subject:** Status of Recommendations: Audit of NRC's Management of Agreements with Department of Energy Laboratories (OIG-10-A-12)

**Description:**

**CC Routing:** NONE

**ADAMS Accession Numbers - Incoming:** NONE

**Response/Package:** NONE

## Other Information

**Cross Reference Number:** G20110337, OIG-10-A-12

**Staff Initiated:** NO

**Related Task:** OEDO-2011-0318

**Recurring Item:** NO

**File Routing:** EDATS

**Agency Lesson Learned:** NO

**OEDO Monthly Report Item:** NO

## Process Information

**Action Type:** Memo

**Priority:** Medium

**Signature Level:** ADM

**Sensitivity:** None

**Urgency:** NO

**Approval Level:** No Approval Required

**OEDO Concurrence:** NO

**OCM Concurrence:** NO

**OCA Concurrence:** NO

**Special Instructions:** Please provide a complete response to Stephen D. Dingbaum, OIG addressing ALL resolved recommendations. Be sure to include the target completion date and identify the current point-of-contact for each recommendation. Forward final response memo via email (Forward as Attachment) to Judy Gordon, cc: Stephen Dingbaum, Steven Zane and RidsEdoMailCenter by 2/10/12. If applicable, be sure to attach in email any Enclosures to the response.

## Document Information

**Originator Name:** Stephen D. Dingbaum

**Date of Incoming:** 5/6/2011

**Originating Organization:** OIG

**Document Received by OEDO Date:** 5/6/2011

**Addressee:** R. W. Borchardt, EDO

**Date Response Requested by Originator:** 2/10/2012

**Incoming Task Received:** Memo



**UNITED STATES**  
**NUCLEAR REGULATORY COMMISSION**  
WASHINGTON, D.C. 20555-0001

OFFICE OF THE  
INSPECTOR GENERAL

May 6, 2011

MEMORANDUM TO: R. W. Borchardt  
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S  
MANAGEMENT OF AGREEMENTS WITH DEPARTMENT  
OF ENERGY LABORATORIES (OIG-10-A-12)

REFERENCE: DIRECTOR, OFFICE OF ADMINISTRATION,  
MEMORANDUM DATED FEBRUARY 11, 2011

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated February 11, 2011. Based on this response, recommendations 4 and 5 are now closed, and recommendations 1, 2, 3, and 7 remain in resolved status. Recommendation 6 was previously closed. Please provide an updated status on the resolved recommendations by February 10, 2012.

If you have any questions or concerns, please call me at 415-5915 or Kathleen Stetson, Team Leader, at 415-8175.

Attachment: As stated

cc: M. Muessle, OEDO  
J. Andersen, OEDO  
J. Arildsen, OEDO  
C. Jaegers, OEDO

## **Audit Report**

### **AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES**

**OIG-10-A-12**

#### **Status of Recommendations**

Recommendation 1: Revise MD 11.7 to require NRC offices to consider the use of commercial sources through market research (e.g., sources-sought announcements, procurement history, expert knowledge) as part of the decision-making process in choosing to use a lab, and fully document the results/conclusions in the agreement files.

#### **Agency Response**

Dated February 11, 2011: The Office of Administration (ADM) is in the process of revising MD 11.7. The updated version of the MD includes language that requires offices to consider the use of commercial sources through market research as part of the decision making process in choosing to use a Department of Energy (DOE) lab. The revised MD also provides guidance for fully documenting the results/conclusions of the market research in the agreement files. The revised MD 11.7 will be submitted to the Chairman for approval by January 30, 2012. Once approved by the Chairman, the revised MD will be issued.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the revised MD 11.7 and determines that it requires NRC offices to consider the use of commercial sources through market research as part of the decision making process in choosing to use a lab, and fully document the results/conclusions in the agreement files.

**Status:** Resolved.

## **Audit Report**

### **AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES**

**OIG-10-A-12**

#### **Status of Recommendations**

Recommendation 2: Clarify MD 11.7 to emphasize the requirement to fully document the rationale and basis for using a DOE lab.

#### **Agency Response**

Dated February 11, 2011: The revision to MD 11.7 will emphasize the requirement to fully document the rationale and basis for using a DOE lab. The revised MD 11.7 will be submitted to the Chairman for approval by January 30, 2012. Once approved by the Chairman, the revised MD will be issued.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the clarified MD 11.7 and determines that it emphasizes the requirement to fully document the rationale and basis for using a DOE lab.

**Status:** Resolved.

## **Audit Report**

### **AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES**

**OIG-10-A-12**

#### **Status of Recommendations**

**Recommendation 3:** Revise MD 11.7 to require independent review of justifications by DC personnel to ensure that commercial sources were fully considered.

#### **Agency Response**

**Dated February 11, 2011:** ADM has prepared review criteria, which incorporates input from the program offices, that will be used in determining which justifications must be reviewed by DC prior to award of an agreement to DOE. Those justifications that do not meet the criteria will continue to be reviewed by the Associate Competition Advocate in each office. The revised MD 11.7 will include the review criteria. The revised MD 11.7 will be submitted to the Chairman for approval by January 30, 2012. Once approved by the Chairman, the revised MD will be issued.

**OIG Analysis:** The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews a copy of the revised MD 11.7 and determines that it requires independent review of justifications by DC personnel to ensure that commercial sources were fully considered.

**Status:** Resolved.

## Audit Report

### AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES

OIG-10-A-12

#### Status of Recommendations

Recommendation 4: Issue interim guidance to address recommendations 1 through 3 pending revision of MD 11.7.

#### Agency Response

Dated February 11, 2011: ADM has prepared proposed interim guidance to be issued by the Executive Director of Operations (EDO), which will address Recommendations 1 through 3. Completion date for issuance of interim guidance is February 25, 2011. This represents a 6-week slippage from our October 29, 2010, response.

OIG Analysis: On March 14, 2011, NRC issued *Interim Guidance for Placing and Monitoring of Work With Department of Energy Laboratories*. The interim guidance addresses recommendations 1 through 3; therefore, recommendation 4 is now closed.

**Status:** Closed.

## Audit Report

### AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES

OIG-10-A-12

#### Status of Recommendations

Recommendation 5: Direct DC to work with agency program and support offices to develop and implement milestones for more robust market research requirements prior to awarding DOE lab agreements.

#### Agency Response

Dated February 11, 2011: DC has developed requirements for more robust market research which will be included in the interim guidance to be issued by the EDO. A recommended pre-award milestone schedule for completing the market research is included in the proposed interim guidance to be issued February 25, 2011.

#### OIG Analysis:

On March 14, 2011, NRC issued *Interim Guidance for Placing and Monitoring of Work With Department of Energy Laboratories*. The interim guidance includes milestones for more robust market research requirements prior to awarding DOE lab agreements; therefore, recommendation 5 is now closed.

#### Status:

Closed.



## **Audit Report**

### **AUDIT OF NRC'S MANAGEMENT OF AGREEMENTS WITH DEPARTMENT OF ENERGY LABORATORIES**

#### **OIG-10-A-12**

##### **Status of Recommendations**

Recommendation 7: Issue a delegation of authority to OIP to award, extend, modify, and terminate DOE lab agreements.

##### **Agency Response**

Dated February 11, 2011: OIP submitted a request for Delegation of Authority to award, extend, modify, and terminate DOE lab agreements to the Chairman for his consideration and signature on June 23, 2010.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the issued delegation of authority to OIP to award, extend, modify, and terminate DOE lab agreements.

**Status:** Resolved.