

August 26, 2011

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

FROM: Catherine Haney, Director **/RA/ D. Dorman for**
Office of Nuclear Material Safety
and Safeguards

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S
REGULATION OF NUCLEAR FUEL CYCLE FACILITIES
(OIG-07-A-06): UPDATE OF RESOLVED RECOMMENDATION

This memorandum is in response to your January 7, 2011, request for an update on the status of Recommendation 1 in the Office of the Inspector General (OIG) report OIG-07-A-06, "Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities," dated January 10, 2007 (Agencywide Documents Access and Management System {ADAMS} Accession No. ML070100282).

Recommendation 1

Fully develop and implement a framework for the Fuel Cycle Facility Oversight Program that is consistent with a structured process, such as the Reactor Oversight Process.

Background

On May 31, 2007, the Office of Nuclear Material Safety and Safeguards (NMSS) provided an initial response (ADAMS Accession No. ML071490183) to an OIG request for an update on the status of Recommendation 1. The staff provided several updates on the status of its activities with the most recent being dated November 23, 2010 (ADAMS Accession No. ML102790177).

Response

The NMSS staff, in coordination with Region II, the Office of the Enforcement and the Office of Nuclear Security and Incident Response staff, continues to work on enhancements to the fuel cycle oversight process (FCOP). This effort has included extensive interactions with stakeholders to solicit their input on enhancements to FCOP. In October 2011, in accordance

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with Commission direction, the staff will provide a paper to the Commission. The staff plans to describe the development of cornerstones that could be applied to the FCOP, the assessment of the work accomplished, and the recommendations for next steps. In this paper, the staff will recommend an FCOP framework that provides a structure that is similar to the Reactor Oversight Process. In addition, the staff will provide several alternatives to the recommendation for Commission consideration. The alternatives provide incremental enhancements to the existing oversight process. A conceptual diagram of the recommended FCOP framework can be obtained from the slides (see slide 6) of the August 18-19, 2011, public meeting on enhancements to the FCOP (ADAMS Accession No. ML112290136). The staff is scheduled to brief the Commission on November 1, 2011 on this subject. After this briefing, the staff expects to receive Commission direction on how to proceed.

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