



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

**OFFICE OF THE
INSPECTOR GENERAL**

September 19, 2011

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATION: MEMORANDUM
REPORT: AUDIT OF NRC'S REGULATION OF NUCLEAR
FUEL CYCLE FACILITIES (OIG-07-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR MATERIAL
SAFETY AND SAFEGUARDS, MEMORANDUM DATED
AUGUST 26, 2011

Attached is the Office of the Inspector General (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated August 26, 2011. Based on this response, recommendation 1 remains resolved. Please provide an updated status of the resolved recommendation by March 12, 2012.

If you have any questions or concerns, please call me at 415-5915 or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

cc: N. Mamish, OEDO
K. Brock, OEDO
J. Arlidsen, OEDO
C. Jaegers, OEDO

Audit Report

Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

Status of Recommendation

Recommendation 1: Fully develop and implement a framework for the Fuel Cycle Facility Oversight Program (FCFOP) that is consistent with a structured process, such as the Reactor Oversight Process (ROP).

Agency Response Dated
August 26, 2011:

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 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

Audit Report

Audit of NRC's Regulation of Nuclear Fuel Cycle Facilities

OIG-07-A-06

Status of Recommendation

Recommendation 1 (cont.):

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.

OIG Analysis:

The proposed corrective actions continue to address the intent of OIG's recommendation. Recommendation 1 will be closed when NRC provides evidence that it has fully developed and implemented a framework for the Fuel Cycle Facility Oversight Program.

Status:

Resolved.