



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

**OFFICE OF THE
INSPECTOR GENERAL**

June 21, 2012

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

Margaret M. Doane, Director
Office of International Programs

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S
MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS
(OIG-12-A-13)

REFERENCE: DIRECTOR, OFFICE OF INTERNATIONAL PROGRAMS,
MEMORANDUM DATED MAY 18, 2012

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations as discussed in the agency's response dated May 18, 2012. Based on this response, recommendations 1 through 6 are in resolved status and recommendation 7 is closed. Please provide an updated status on the resolved recommendations by September 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: D. Ash, OEDO
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Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 1: Develop, document, and implement a systematic biennial fee review process.

Agency Response
Dated May 18, 2012:

Agree. As discussed at the audit report meeting with the Office of the Inspector General (OIG) on March 23, 2012, OIP plans to expand the existing OIP Part 170 Biennial Fee Review Guide to incorporate the recommended quality control elements noted in OIG-12-A-13. Additionally, OIP intends to incorporate and manage the revised document in accordance with the OIP procedure management program.

Target completion date: August 31, 2012.

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 updated OIP Part 170 Biennial Fee Review Guide and determines that it adequately documents a systematic biennial fee review process.

Status:

Resolved.

Audit Report

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OIG-12-A-13

Status of Recommendations

Recommendation 2: Develop program office TACs to specifically support import/export fee billable licensing activities in all offices which have a role in this licensing process.

Agency Response
Dated May 18, 2012: Agree. OIP plans to work with the appropriate program offices, in coordination with the Office of the Executive Director, to create program office specific TACs for import/export fee billable licensing activities or coordinate usage of existing OIP TACs with the program offices.

Target completion date: July 31, 2012.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives documentation showing program office TACs that specifically support import/export fee billable licensing activities.

Status: Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S MANAGEMENT OF IMPORT/EXPORT AUTHORIZATIONS

OIG-12-A-13

Status of Recommendations

Recommendation 3: Develop one or more import/export licensing-related performance evaluation metric(s) related to revenue reconciliation.

Agency Response
Dated May 18, 2012: Agree. OIP will expand the Operation Plan to include a metric, that is updated quarterly, that is related to import/export licensing revenue reconciliation based on reports independently verified by the Office of the Chief Financial Officer (OCFO).

Target completion date: September 28, 2012.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives documentation showing an import/export licensing-related performance evaluation metric related to revenue reconciliation.

Status: Resolved.

Audit Report

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OIG-12-A-13

Status of Recommendations

<u>Recommendation 4:</u>	<p>Develop policies and procedures related to fee revenue which include effective internal control. Specifically:</p> <ul style="list-style-type: none">• Separation of duties related to fee revenue handling.• Monthly reconciliations of receipts to deposits.• Routine management review of fee revenue reconciliations.
<p>Agency Response Dated May 18, 2012:</p>	<p>Agree. OIP plans to develop a fee revenue management procedure to identify import/export license fee policies and processes, which incorporates the noted internal control aspects. OIP intends to incorporate and manage the revised document in accordance with the OIP Procedure Management Program.</p> <p>Target completion date: April 20, 2013.</p>
<p>OIG Analysis:</p>	<p>The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives a copy of the fee revenue management procedure and determines that it describes effective internal control including separation of duties, monthly reconciliations of receipts to deposits, and routine management review of fee revenue reconciliations.</p>
<p>Status:</p>	<p>Resolved.</p>

Audit Report

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Status of Recommendations

Recommendation 5: Review and reconcile prior fee revenue receipts to licensing actions completed for which a fee was owed from 2008 – 2011 to verify that all revenue for import/export licenses has been collected and deposited.

Agency Response
Dated May 18, 2012: Agree. OIP, in coordination with OCFO, will identify all of the payments received from 2008-2011 and will use that information to reconcile with completed licensing actions. This cross-check exercise will pinpoint licensing actions completed during that timeframe in which payment was not received and/or processed. OCFO will then communicate with the undercharged licensees to retroactively collect payment.

Target completion date: December 28, 2012.

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 results of the review and reconciliation showing that all revenue for import/export licenses was collected and deposited from 2008 – 2011.

Status: Resolved.

Audit Report

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Status of Recommendations

Recommendation 6: Document applicability or non-applicability of all steps on all checklists and the dates the steps were completed.

Agency Response
Dated May 18, 2012: Agree. OIP revised all checklists to clearly indicate whether a particular step or document is applicable or non-applicable to the review of a particular application and date the step is complete. The revised checklists are attached for your review. We consider this action complete.

OIG Analysis: OIG reviewed the revised checklists and determined that, with one exception, the applicable steps and dates the steps were completed are documented. The exception is that on the Appendix P Case checklist, steps applicable to the Federal Register Notice were missing. The recommendation will be closed after OIP adds this step to the Appendix P case checklist.

Status: Resolved.

Audit Report

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OIG-12-A-13

Status of Recommendations

Recommendation 7: Require that management document review and certification of license application file completeness before issuing an export/import license.

Agency Response
Dated May 18, 2012: Agree. OIP revised all checklists to include a “certification” block for each reviewer – licensing assistant, licensing officer, and branch chief (management) – to initial to indicate that they have completed the document review of the license file and certify that the file is complete before the import or export license is issued. As indicated above, the revised checklists are attached for your review. We consider this action complete.

OIG Analysis: OIG reviewed the updated checklist and determined that all checklists require that management document review and certification of license application file completeness before issuing an import/export license. The recommendation is therefore considered closed.

Status: Closed.