August 14, 2012

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

FROM: Michael F. Weber **/RA/**
Deputy Executive Director for Materials, Waste,
Research, State, Tribal, and Compliance Programs
Office of the Executive Director for Operations

SUBJECT: AUDIT OF THE U. S. NUCLEAR REGULATORY COMMISSION'S ISSUANCE OF GENERAL LICENSES (OIG-11-A-14)

This memorandum responds to your June 28, 2012, memorandum transmitting the subject audit report. We appreciate the Office of the Inspector General's (OIG) audit of our General License Program and OIG's willingness to work with the U.S. Nuclear Regulatory Commission (NRC) staff to enhance certain activities within that program.

In processing byproduct material applications, the radiological safety of all general licensed devices (GLDs) is assured through comprehensive detailed reviews and evaluations of specific licensing applications for the manufacture and initial transfer/distribution of GLDs, by professional staff of the NRC or the Agreement States. The staff ensures that GLDs containing byproduct materials are in compliance with the regulatory requirements of 10 CFR Parts 31 and 32. The safety features of GLDs (e.g., shielding, tamper proofing, installation, maintenance) are designed so that no radioactive material will be released in normal use or as a result of likely accidents. The safe use and operation of these devices is demonstrated by the fact that the operators do not need training in radiation protection and the annual dose rate does not exceed 10 percent of the safe limit which has been established for radiation workers. Additionally, the fact that millions of GLDs have been safely used during the past 50 years demonstrates that the safety features of the GLDs functioned effectively.

Enclosed, please find our comments on the audit report and responses to its recommendations. If you have any questions, please contact me or Brian McDermott at 301-415-3340.

Enclosure:
Response to OIG
Recommendations (OIG-11-A-14)

cc: Chairman Macfarlane
Commissioner Svinicki
Commissioner Apostolakis
Commissioner Magwood
Commissioner Ostendorff

CONTACT: Ujagar S. Bhachu, FSME/MSSA
(301) 415-7694

August 14, 2012

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

FROM: Michael F. Weber **/RA/**
Deputy Executive Director for Materials, Waste,
Research, State, Tribal, and Compliance Programs
Office of the Executive Director for Operations

SUBJECT: AUDIT OF THE U. S. NUCLEAR REGULATORY COMMISSION'S ISSUANCE OF GENERAL LICENSES (OIG-11-A-14)

This memorandum responds to your June 28, 2012, memorandum transmitting the subject audit report. We appreciate the Office of the Inspector General's (OIG) audit of our General License Program and OIG's willingness to work with the U.S. Nuclear Regulatory Commission (NRC) staff to enhance certain activities within that program.

In processing byproduct material applications, the radiological safety of all general licensed devices (GLDs) is assured through comprehensive detailed reviews and evaluations of specific licensing applications for the manufacture and initial transfer/distribution of GLDs, by professional staff of the NRC or the Agreement States. The staff ensures that GLDs containing byproduct materials are in compliance with the regulatory requirements of 10 CFR Parts 31 and 32. The safety features of GLDs (e.g., shielding, tamper proofing, installation, maintenance) are designed so that no radioactive material will be released in normal use or as a result of likely accidents. The safe use and operation of these devices is demonstrated by the fact that the operators do not need training in radiation protection and the annual dose rate does not exceed 10 percent of the safe limit which has been established for radiation workers. Additionally, the fact that millions of GLDs have been safely used during the past 50 years demonstrates that the safety features of the GLDs functioned effectively.

Enclosed, please find our comments on the audit report and responses to its recommendations. If you have any questions, please contact me or Brian McDermott at 301-415-3340.

Enclosure: Response to OIG
Recommendations (OIG-11-A-14)

CONTACT: Ujagar S. Bhachu, FSME/MSSA
(301) 415-7694

cc: Chairman Macfarlane
Commissioner Svinicki
Commissioner Apostolakis
Commissioner Magwood
Commissioner Ostendorff

DISTRIBUTION: G20120468/EDATS: OEDO-2012-0397 MSSA R/F RidsFsmeOd RidsEdoMailCenter

M**L12188A618**

OFFICE	MSSA	MSSA	FSME/MSSA	FSME/MSSA	Tech ED	FSME:OD	DEDMRT
NAME	UBhachu	JFoster	CEinberg	BMcDermott *CEinberg for*	PTressler for CPoland	MSatorius	MWeber
DATE	07/17 /2012	07/17/2012	07/17/2012	07/17 /2012	07/18/2012	08/ 02 /2012	08/ 14 /2012

OFFICIAL RECORD COPY

RESPONSE TO OIG RECOMMENDATIONS (OIG-11A-14)

With regard to the specific recommendations, the responses in this enclosure apply only to the existing 32 Category 3 GLDs (under 13 General Licenses (GLs)) and any new Category 3 GLDs that are within the NRC's jurisdiction. There are no Category 1 or 2 GLDs within NRC's jurisdiction. We are forwarding this audit report to the Agreement States who have jurisdiction over 30 Category 3 GLDs for their disposition.

Footnote 7 on Page 9, of the OIG report states that a licensee in California (CA) is in possession of a GLD with an International Atomic Energy Agency (IAEA) Category 2 source. At NRC's request, the State of California conducted a search of both of their GLD registrations and general license tracking systems and current results of the searches indicate that no sealed source and device registration certificate has been issued for a GLD with Category 2 source and no CA licensee is in possession of a GLD with Category 2 source. In view of this information, OIG staff may wish to verify the authenticity of the source of the information and take appropriate action to ensure that information in the OIG audit report is accurate and complete.

Recommendation 1

Contact current general licensees with general licensed devices containing IAEA Code of Conduct Category 1, 2, or 3 sources, within 180 days, to encourage the general licensee to transfer the device(s) to a specific license(s).

Response

Agree. Staff will identify, verify, and tabulate the GLs with GLDs in their possession that contain IAEA Category 1, 2, or 3 sources of byproduct material. The staff will then contact the identified GLs and explore with them options for converting these GLDs to an existing specific license and, where appropriate, encourage the licensee to obtain a new specific license.

Staff will complete this action and document the results in a summary report by January 15, 2013.

Point of Contact: Ujagar Bhachu, FSME

Recommendation 2

Visit all general licensees currently in possession of general licensed devices containing IAEA Category 1, 2, or 3 sources within 2 years. Focus such visits on:

- Reviewing records of leak testing and proper operations of open-close mechanisms and indicators.
- Device use, installations, maintenance and repair to determine that the devices are being used within authorized parameters.

Response

Agree. The staff will develop a plan, with guidelines and expected outcomes, for visiting the 13 NRC GLs in possession of 32 GLDs (fixed gauges) containing IAEA Category 3 sources. The staff will also identify the manufacturers/distributors of the GLDs and summarize pertinent data for all models of GLDs (fixed gauges) identified in the OIG audit report. The summary report of the data will be prepared.

The staff will complete this activity by July 31, 2014.

Point of Contact: Ujagar Bhachu, FSME

Recommendation 3

Monitor agency records for 2 years to identify new general licensees entering the marketplace and visit those in possession of IAEA Category 1, 2, or 3 general licensed devices to ensure that devices are properly installed and that general licensees have adequate understanding of the relevant regulations and their responsibilities.

Response

Agree. Staff will develop a General Licensing Tracking System (GLTS) query for identifying new GLDs (fixed gauges) that contain Category 1, 2, or 3 sources entering the market place. The newly developed query will be run in GLTS every quarter for the next 2 years.

The staff will visit those general licensees to ensure that devices are properly installed and that the licensees have adequate understanding of the regulations and their responsibilities. Trip reports will be prepared to document the visits.

The staff will complete these actions by July 31, 2014.

Point of Contact: Ujagar Bhachu, FSME

Recommendation 4

Analyze information retrieved from Recommendations 1, 2, and 3 and take additional regulatory action, if needed, within 6 months after completion of data collection.

Response

Agree. The NRC staff will review and analyze the collected data from Recommendations 1, 2, and 3, and take appropriate actions.

The staff will complete this action by December 15, 2014.

Point of Contact: Ujagar Bhachu, FSME