

July 29, 2015

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

FROM: Maureen E. Wylie */RA/*
Chief Financial Officer

Mark A. Satorius */RA/*
Executive Director for Operations

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S
REACTOR BUSINESS LINES' COMPLIANCE WITH AGENCY
NON-FINANCIAL INTERNAL CONTROL GUIDANCE
(OIG-15-A-16)

This memorandum responds to your June 25, 2015, memorandum transmitting the subject audit report. We appreciate the Office of the Inspector General's audit and willingness to work with staff to enhance the U.S. Nuclear Regulatory Commission's process for implementing non-financial internal control guidance.

Enclosed please find our responses to the audit report recommendations.

Enclosure:

As stated

cc: Chairman Burns
Commissioner Svinicki
Commissioner Ostendorff
Commissioner Baran
SECY

CONTACT: David Holley, OCFO
301-415-7325

Houman Rasouli, OEDO
301-415-7536

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ADAMS Accession No: ML15195A213 * via email **Ben Ficks (for)

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DATE	7/ 29 /2015				

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**Response to the Office of the Inspector
General Recommendations (OIG-15-A-16)**

Recommendation 1

Implement NRC Management Directive and Handbook 4.4, Internal Control, non-financial internal control requirements.

Response

Agree.

1. Staff will update the business line Internal Control Plans to reference documentation of how the agency meets the Federal Managers' Financial Integrity Act of 1982, Office of Management and Budget (OMB) Circular A-123 guidelines, and the General Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book). Specifically, this will be accomplished by mapping the assessable unit's programmatic activities to the documentation of systematic reviews of controls. Additionally, the Internal Control Plans will be updated to reference the Memorandum of Understanding for Internal Control and the NRC's Quarterly Performance Reports, which identify and track programmatic risks and mitigation strategies.
2. Staff will also update MD and Handbook 4.4 to better align with the agency's programmatic internal control business practices, as well as incorporate the updated GAO Green Book, issued in FY 2015, and the updated Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Risk Management and Internal Control*, which OMB plans to issue in early FY 2016.

Completion Date: March 30, 2018, contingent upon OMB's issuance of Circular A-123

Points of Contact: David Holley, OCFO
Houman Rasouli, OEDO

Recommendation 2

Implement steps that hold program managers and staff accountable for meeting their responsibility for adhering to internal controls.

Response

Agree.

We plan to establish a Programmatic Senior Assessment Team (PSAT) comprised of senior executives representing each business line that will provide oversight and accountability for risk management and internal control over program operations. The PSAT will assist the Executive Committee on Internal Control, the NRC's senior management council for internal control, to

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enable managers to connect the daily activities in the business lines to the language and requirements of OMB Circular A-123, the GAO Green Book, and the agency's Reasonable Assurance process.

Completion Date: March 31, 2016

Point of Contacts: David Holley, OCFO
Houman Rasouli, OEDO

Recommendation 3

Develop internal control training and guidance to include mandatory standalone courses for managers and staff, and incorporate internal control responsibilities in the NRC formal developmental programs.

Response

Agree.

1. The CFO will issue a Yellow Announcement on internal control and its importance, including a link to a video presentation that she will deliver to all agency staff.

Completion Date: December 31, 2015

2. Staff will work to incorporate internal control responsibilities in the NRC Supervisor Development Program and the formal developmental programs listed on page 13 of the audit report: the Nuclear Safety Professional Development Program, Leadership Potential Program, and Senior Executive Service Candidate Development Program.

Completion Date: September 30, 2016

Points of Contact: David Holley, OCFO
Houman Rasouli, OEDO