



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

**OFFICE OF THE
INSPECTOR GENERAL**

August 31, 2015

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
CONSTRUCTION REACTOR OVERSIGHT PROCESS
(cROP) (OIG-15-A-14)

REFERENCE: DIRECTOR, OFFICE OF NEW REACTORS,
MEMORANDUM DATED JULY 16, 2015

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated July 16, 2015. Based on this response, recommendations 1 and 2 are resolved. Please provide an updated status of the resolved recommendations by November 10, 2015.

If you have questions or concerns, please call me at 415-5915 or R.K. Wild, Team Leader, at 415-5948.

Attachment: As stated

cc: M. Galloway, OEDO
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Audit Report

AUDIT OF NRC'S CONSTRUCTION REACTOR OVERSIGHT PROCESS (cROP)

OIG-15-A-14

Status of Recommendations

Recommendation 1: Develop and implement a comprehensive review that identifies process inefficiencies associated with cROP.

Agency Response
Dated July 16, 2015:

Response: The staff agrees with the recommendation. As discussed further below, the staff has undertaken a number of steps to rigorously identify potential inefficiencies associated with cROP.

The NRC has an internal control program which includes periodic internal audits of the implementation of the cROP and its subparts. In addition to the scheduled audits, in 2013 the staff initiated a Business Process Improvement (BPI) team to evaluate the construction inspection scheduling and inspection processes. The BPI team's recommendations resulted in a reorganization of the Division of Construction Projects to strengthen the project management of the AP1000 construction inspection. Region II developed guidance documents to help the staff with implementation of the new process.

Seeking to further strengthen the program, in January of 2015, the staff initiated a comprehensive review to identify process inefficiencies associated with cROP and make recommendations for improvement. A Process Review Team (PRT) conducted a rigorous review to understand the challenges and inefficiencies in planning, scheduling, and documenting construction inspections. Team activities included interviews of numerous internal and external stakeholders, table-top exercises, participation with project managers and inspectors, and attendance of scheduling and planning meetings conducted by the licensees.

The PRT identified additional opportunities to make the process more efficient and effective. The team tabulated a list of challenges which fell into the categories of Roles and

Audit Report

AUDIT OF NRC'S CONSTRUCTION REACTOR OVERSIGHT PROCESS (cROP)

OIG-15-A-14

Status of Recommendations

Recommendation 1 (cont.):

Responsibilities, Communications, Training/Oversight, and SmartPlans. The team recommendations included:

- Streamline communications and eliminate unnecessary hand-offs.
- Centralize ITAAC and SmartPlan review, inspection planning, scheduling, and documentation.

Staff believes these ongoing efforts are responsive to Recommendation 1. In addition, an annual audit specific to planning and scheduling will be conducted to identify further efficiencies.

The PRT Conclusions and Recommendations and PRT Transition Map are available at Agencywide Documents Access and Management System (ADAMS) Accession No. ML15188A398.

Target date for completion: September 30, 2015

OIG Analysis:

The actions proposed by the agency meet the intent of the recommendation, on the assumption that the agency's *PRT Conclusions and Recommendations* document represents a comprehensive review that identifies process inefficiencies associated with cROP. This includes not only process issues for which the PRT provides recommendations, but also issues uncovered by the PRT that the PRT declared as "Beyond The Scope Of This Team To Address" and for which the PRT did not offer recommendations. This recommendation will be closed after OIG reviews the implementation of the totality of the *PRT Conclusions and Recommendations* document and the associated PRT Transition Map.

Audit Report

AUDIT OF NRC'S CONSTRUCTION REACTOR OVERSIGHT PROCESS (cROP)

OIG-15-A-14

Status of Recommendations

Recommendation 1 (cont.):

Status: Resolved.

Audit Report

AUDIT OF NRC'S CONSTRUCTION REACTOR OVERSIGHT PROCESS (cROP)

OIG-15-A-14

Status of Recommendations

Recommendation 2: Implement the results of the comprehensive review through a formal action plan, with milestones, in order to address process inefficiencies associated with cROP.

Agency Response
Dated July 16, 2015:

The staff has implemented the recommendations of the PRT. The new process involved the realignment of duties and responsibilities, position designation and description changes, and personnel moves. These recommendations were implemented on March 22, 2015. Additional actions and associated milestones included:

- Integrate meeting purposes and scopes with new process.
- Revise meeting purposes, revise desktop guides for roles and responsibilities, and revise desktop guides for SmartPlans.
- Conduct workshops on new roles and responsibilities.
- Prioritize and complete SmartPlans and schedule updates.

The PRT Transition Map and other supporting documents are available at ADAMS Accession No. ML15188A398.

Target date for completion: September 30, 2015

OIG Analysis:

The actions proposed by the agency meet the intent of the recommendation, insofar as the agency has identified actions in response to recommendations for findings identified in the *PRT Conclusions and Recommendations* document. However, assuming the PRT review was as comprehensive as the agency represented in its July 16,

Audit Report

AUDIT OF NRC'S CONSTRUCTION REACTOR OVERSIGHT PROCESS (cROP)

OIG-15-A-14

Status of Recommendations

Recommendation 2 (cont.):

2015, memo to OIG, the agency has yet to provide OIG with a formal action plan and milestones for issues uncovered by the PRT that the PRT declared as "Beyond The Scope Of This Team To Address" and for which the PRT did not offer recommendations. This recommendation will be closed after OIG reviews the implementation of the totality of the *PRT Conclusions and Recommendations* document and the associated PRT Transition Map.

Status: Resolved.