



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

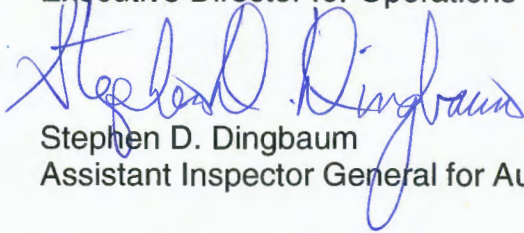
OFFICE OF THE
INSPECTOR GENERAL

June 6, 2016

MEMORANDUM TO:

Victor M. McCree
Executive Director for Operations

FROM:


Stephen D. Dingbaum
Assistant Inspector General for Audits

SUBJECT:

STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
PROCESS FOR REVISING MANAGEMENT DIRECTIVES
(OIG-14-A-19)

REFERENCE:

DIRECTOR, OFFICE OF ADMINISTRATION, MEMORANDUM
DATED APRIL 28, 2016

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated April 28, 2016. Based on this response, recommendations 1, 5, 6, and 8 are closed. Recommendations 2, 4, and 9 remain in resolved status. Recommendations 3 and 7 were previously closed. Please provide an updated status of the resolved recommendations by August 31, 2016.

If you have any questions or concerns, please contact me at 415-5915 or Eric Rivera, Team Leader, at 415-7032.

Attachments: As stated

cc: R. Lewis, OEDO
H. Rasouli, OEDO
J. Jolicoeur, OEDO
J. Bowen, OEDO
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Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 1:

Revise MD 1.1 to

- a. Elevate authority required for approving extensions. Extensions can only be granted by the Chairman, the Executive Director for Operations, the Chief Financial Officer, or their designees (no lower than Deputy Executive Directors for Operations, Assistant for Operations, or Deputy Chief Financial Officer), as appropriate.
- b. Include guidelines for resetting MD initial due dates. Require Executive Director for Operations, or designee, approval to reset initial due dates. Clearly state the parameters for resetting due dates.
- c. Clearly state the parameters and guidelines for granting extensions, and provide that even if an extension is granted, the authoring office will receive a "red" on the corporate measure scorecard unless they also meet the new MD 1.1 guidelines (recommendation 1.b) for having the initial due date reset.

**Agency Response Dated
April 28, 2016:**

The Office of Administration (ADM) has reviewed the MD extension process and is revising MD 1.1, "NRC Management Directives System," to incorporate changes to the MD revision process since the MD was last issued in 2011. On April 3, 2015, the Deputy Executive Director for Corporate Management issued a memorandum to offices implementing new policy and procedures for extensions to MD due dates (ADAMS Accession No. ML15043A789). The new policy and procedures are captured in the revised MD 1.1.

On October 23, 2015, ADM provided MD 1.1 for review and comment to the Offices of the General Counsel, Inspector General, Chief Financial Officer, and the Chief Human Capital Officer (ADAMS Accession No. ML15201A548). MD 1.1 was issued on March 25, 2016 (ADAMS Accession No. ML16047A399). This focused change addressed the OIG audit recommendations.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 1 (cont.):

This approach is similar to the 2009 revision of MD 1.1, which also addressed OIG audit recommendations. ADM considers this recommendation closed. The point of contact (POC) for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG received and reviewed the draft revised Management Directive 1.1, which incorporated the specific revisions described in Recommendation 1. In addition, MD 1.1 was issued in final on March 25, 2016. This recommendation is therefore considered closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

<u>Recommendation 2:</u>	Require a suspense due date for final concurrence/approval by the Executive Director for Operations and Chairman when submitting MD concurrence packages to those offices, so that the MD can be tracked in the Office of the Executive Director for Operations' tracking system.
Agency Response Dated April 28, 2016:	ADM anticipates this recommendation will be addressed by the upcoming revision of the Internal Commission Procedures (Handbook). OEDO action due dates will be captured on the MD routing and transmittal form, as well as tracked in the OEDO tracking system. The revised target completion date for this recommendation is June 30, 2016. ADM is on schedule to meet this target date. The POC for this initiative is Helen Chang.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that requires a suspense due date for final concurrence/approval by the Executive Director for Operations and Chairman and proof that the MD concurrence package is being tracked in the Office of the Executive Director for Operations' tracking system.
Status:	Resolved.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 4:

Develop and implement a performance measure that effectively evaluates MD revision timeliness for MDs that begins with the kickoff meeting and ends with the issuance date of the MD. In addition, provide the reported results quarterly to the Office of the Executive Director for Operations and office directors.

**Agency Response Dated
April 28, 2016:**

On August 28, 2015, the Performance Improvement Panel voted to incorporate the reclassified agencywide indicator into the fiscal year (FY) 2016 performance measures. The performance measure begins from the required kickoff meeting and ends at MD issuance. The measure is available at the OEDO SharePoint page for FY 2016 Performance Indicators. Please note that the measure is in effect, and FY 2016 Q3 will be the first reported measure. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews documentation that shows (1) ADM has developed and implemented a performance measure that effectively evaluates MD revision timeliness that begins with the kickoff meeting and ends with MD issuance, and (2) the agency provided the first quarterly results to the Office of the Executive Director for Operations and office directors.

Status:

Resolved.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 5:

Develop and implement an effective process to link MDs to yellow policy announcements at the time offices issue the yellow policy announcements.

**Agency Response Dated
April 28, 2016:**

On March 3, 2016, ADM issued the memo to notify the offices regarding the status of yellow policy announcements issued from January 22, 1976, to December 31, 2015 (ADAMS Accession No. ML15162B073). ADM issued a new template for MDs that contains a first-page link to an online index of current yellow policy announcements (e.g., MD 10.2). New and revised MDs will link to the index of yellow policy announcements. By directing staff to the index of applicable announcements, ADM believes this process will allow staff to easily distinguish the current policy. On an ongoing basis, ADM is updating every yellow policy announcement that is archived on the agency's internal Web site to reflect its status. As noted on March 3, ADM will continue to maintain all yellow announcements as official agency records in ADAMS (all staff have viewer rights to the ADAMS "Yellow Announcements" folder). ADM considers this recommendation closed. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG received and reviewed appropriate documentation demonstrating that ADM developed and implemented an effective process to link management directives to yellow policy announcements at the time offices issue the yellow policy announcements. This recommendation is therefore considered closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 6: Develop and implement an adequate mechanism to track yellow policy announcements.

**Agency Response Dated
April 28, 2016:**

On March 3, 2016, ADM implemented a process to track yellow policy announcements (ADAMS Accession No. ML15162B073). The new tracking system is available in SharePoint at http://fusion.nrc.gov/adm/team/DAS/RADB/MD/Lists/yellowtoMD_index/AllItems.aspx, as of March 9, 2016. ADM provided guidance to offices regarding the requirements for an MD reference and related expiration date for a yellow policy announcement (see Exhibit 3 on the NRC's Creating and Submitting Yellows Web site). ADM considers this recommendation closed. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG received and reviewed appropriate documentation demonstrating that ADM developed and implemented an adequate mechanism to track yellow policy announcements. This recommendation is therefore considered closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

Recommendation 8: Revise the list of "Related Policy Documents" for each MD to include only yellow policy announcements issued after the current MD version date.

Agency Response Dated
April 28, 2016:

ADM developed a new process to display yellow policy announcements that have been issued after the issuance date of the current MD. For new or revised MDs, the list of "Related Policy Documents" links to yellow policy announcements issued after the date of issuance of the current MD version

(http://fusion.nrc.gov/adm/team/DAS/RADB/MD/Lists/yellowtoMD_index/AllItems.aspx).

For the entire MD catalog, the "NRC Policy Links" directly links to the index of "active" yellow policy announcements. In addition, the list of "Related Policy Documents" for new or revised MDs now also links directly to the index. ADM considers this recommendation closed. The POC for this initiative is Helen Chang.

OIG Analysis:

The proposed corrective action addresses the intent of OIG's recommendation. OIG reviewed the YA-to-MD index list of active yellow announcements at

(http://fusion.nrc.gov/adm/team/DAS/RADB/MD/Lists/yellowtoMD_index/AllItems.aspx).

OIG also met with the agency and understands that because of resource restraints, as MDs are updated, the yellow announcements on the YA-to-MD list will be updated to reflect only yellow announcements issued after the current MD date. OIG reviewed 21 MDs issued since January 2016, and determined the YA-to-MD list only includes yellow announcements issued after the current MD date. This recommendation is therefore considered closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S PROCESS FOR REVISING MANAGEMENT DIRECTIVES

OIG-14-A-19

Status of Recommendations

<u>Recommendation 9:</u>	Revise MD 3.16 to require an expiration date for yellow policy announcements.
Agency Response Dated April 28, 2016:	ADM will revise MD 3.16, "NRC Announcement Program," to ensure that the information identified in Recommendations 7, 8, and 9 is incorporated in agencywide guidance. On November 5, 2015, ADM provided MD 3.16 for review and comment (ADAMS Accession No. ML15286A450). The Director of ADM intends to exercise delegated signature authority and issue the MD. The target completion date for the new process requiring an expiration date is June 30, 2016. ADM is on schedule to meet this target date. The POC for this initiative is Helen Chang.
OIG Analysis:	The proposed corrective action addresses the intent of OIG's recommendation. This recommendation will be closed when OIG receives and reviews the revised Management Directive 3.16, and determines it requires an expiration date for yellow policy announcements.
Status:	Resolved.