



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

January 17, 2018

MEMORANDUM TO: Maureen E. Wylie
Chief Financial Officer

Victor M. McCree
Executive Director for Operations

FROM: Dr. Brett M. Baker /RA/
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
PROCESS FOR CALCULATING LICENSE FEES
(OIG-13-A-02)

REFERENCE: CHIEF FINANCIAL OFFICER MEMORANDUM DATED
JANUARY 3, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendation 1 as discussed in the agency's response dated January 3, 2018. Based on this response, recommendation 1 remains in resolved status. Recommendations 2, 3, and 4 were closed previously. Please provide an updated status on the resolved recommendation by May 15, 2018.

OIG issued this report on October 24, 2012, and NRC acknowledged agreement with OIG's recommendation in the agency memorandum dated November 19, 2012. Office of Management and Budget Circular No. A-123 (M-16-17), Section C, dated July 15, 2016, states that "Management has a responsibility to complete action, in a timely manner, on audit recommendations on which agreement with the OIG has been reached." This audit recommendation has been in resolved status for more than 5 years.

If you have any questions or concerns, please call me at (301) 415-5915 or Eric Rivera, Team Leader, at (301) 415-7032.

Attachment: As stated

cc: R. Lewis, OEDO
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EDO_ACS Distribution Resource
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Audit Report

AUDIT OF NRC'S PROCESS FOR CALCULATING LICENSE FEES

OIG-13-A-02

Status of Recommendations

Recommendation 1: Prepare and document an annual fee rule validation (budget vs. cost analysis) and make adjustments as needed to the fee calculation process.

Agency Response

Dated January 3, 2018:

Agree. OCFO plans to execute the validation of the hourly rate by quarter three of fiscal year (FY) 2018. The revised key milestones for this recommendation are listed on the next page. OCFO, Division of Planning and Budget (DPB) successfully accomplished the first key milestone of understanding the previous methodology used to validate the hourly rate for the annual fee rule. In addition, OCFO has completed the second milestone, development of the Fees Validation Report (Report). Specifically, DPB performed the following procedures (milestones one and two):

- Conducted interviews and meetings with key agency staff responsible for calculating license fees from FY 2009 to present.
- Performed a detailed review of the procedures and corresponding spreadsheets for FY 2009 budget vs. cost analysis validation.
- Reviewed and analyzed the origin of the cost accounting data in the hourly validation analysis conducted prior to the implementation of the Financial Accounting and Integrated Management Information System (FAIMIS).
- Collaborated with financial system staff to evaluate data from the previous cost accounting system and developed a Report from FAIMIS.
- Performed user acceptance testing (UAT).

Staff noticed during UAT that the parameters programmed into the report were not able to produce accurate data. Progress was delayed in performing the research necessary

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Status of Recommendations

Recommendation 1 (cont.):

to update the parameters because of competing workload priorities in OCFO. Since the last status report dated April 12, 2017, staff has resumed the research necessary to revise the parameters in order to develop a report that will provide the data necessary to perform the validation. For milestone three, once the revised report satisfactorily completes UAT, OCFO will perform the analysis. After that, for the fourth milestone, OCFO will document the new procedures for long-term implementation of this recommendation.

Previously reported accomplishments for the third and fourth milestones were predicated on an available staff person to perform the analysis. A staff person was assigned and has been analyzing the initial report parameters and the milestones have been updated to reflect the new timeline.

KEY MILESTONES	DATE
1. Understanding previous methodology	January 2015
2. Coordinating with FAIMIS staff to create necessary reports	September 2015
3. Create and perform analysis	March 2018
4. Document process for annual validation	April 2018

OIG Analysis:

The proposed action meets the intent of the recommendation. OIG will close this recommendation when the agency provides a copy of the documented annual fee rule validation and any resulting adjustments made to the fee calculation process.

Status:

Resolved.

Audit Report

AUDIT OF NRC'S PROCESS FOR CALCULATING LICENSE FEES

OIG-13-A-02

Status of Recommendations

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