



OFFICE OF THE
INSPECTOR GENERAL

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

August 27, 2018

MEMORANDUM TO: Margaret M. Doane
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 MODIFYING AND COMMUNICATING
STANDARD TECHNICAL SPECIFICATIONS
(OIG-18-A-15)

REFERENCE: DEPUTY EXECUTIVE DIRECTOR FOR REACTOR AND
PREPAREDNESS PROGRAMS, OFFICE OF THE
EXECUTIVE DIRECTOR FOR OPERATIONS,
MEMORANDUM DATED JULY 18, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated July 18, 2018. Based on this response, recommendations 3, 5 and 7 are closed, and recommendations 1, 2, 4, 6 and 8 are resolved. Please provide a status update for the resolved recommendations by January 14, 2019.

If you have questions or concerns, please call me at (301) 415-5915, or Paul Rades, Team Leader at (301) 415-6228.

Attachment: As stated

cc: R. Lewis, OEDO
H. Rasouli, OEDO
J. Bowen, OEDO
J. Jolicoeur, OEDO
EDO_ACS Distribution

Audit Report

AUDIT OF NRC'S PROCESS FOR MODIFYING AND COMMUNICATING STANDARD TECHNICAL SPECIFICATIONS

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Status of Recommendations

Recommendation 1: Establish Technical Specifications Branch knowledge management requirements relative to agency and office knowledge management policy.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

The staff will evaluate the existing branch-specific training plan against agency knowledge management policies as described in SECY-06-0164, "The NRC Knowledge Management Program," dated July 25, 2006, and implement branch succession planning activities accordingly to better prepare for possible retirements and rotations.

Target date for completion: December 31, 2018

Contact: Victor G. Cusumano, Branch Chief,
NRR/DSS/STSB (301) 415-4011

OIG Analysis:

The proposed actions meet the intent of this recommendation. OIG will close this recommendation after verifying implementation of branch succession planning in accordance with agencywide knowledge management policies. This recommendation is resolved.

Status:

Resolved.

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Status of Recommendations

Recommendation 2: Implement Technical Specifications Branch knowledge management procedures.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

The branch-specific training plan was fully implemented in April 2018, and the Technical Specifications Branch will receive training to ensure that staff members at all levels understand their role in knowledge management.

Target date for completion: December 31, 2018

Contact: Victor G. Cusumano, Branch Chief,
NRR/DSS/STSB (301) 415-4011

OIG Analysis: The proposed actions meet the intent of this recommendation. OIG will close the recommendation after verifying that Technical Specification Branch staff have received training regarding their respective roles in knowledge management. This recommendation is resolved.

Status: Resolved.

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Status of Recommendations

Recommendation 3: Finalize and implement the revised LIC-600.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

LIC-600 is currently in concurrence for issuance by the Office of Nuclear Reactor Regulation and will be implemented immediately.

Target date for completion: July 31, 2018

Contact: Victor G. Cusumano, Branch Chief,
NRR/DSS/STSB (301) 415-4011

OIG Analysis:

OIG verified that the Office of Nuclear Reactor Regulation has issued and begun implementing LIC-600. This recommendation is now closed.

Status:

Closed.

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Status of Recommendations

Recommendation 4: Complete corrective action on open Master Data Management (MDM) Executive Steering Committee identified items that affect the Traveler modification process.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

To assist NRC office staff with monitoring and reporting labor hour data, the Office of the Chief Financial Officer (OCFO) developed a new Employee Labor Report in the Cost Activity Code System (CACS) that provides office staff members with the ability to easily query the labor hour data for their organizations. The report provides the flexibility to query by single or multiple data elements and allows for export in multiple file formats for analysis and reporting. The report only provides access to labor hour data that agency management has approved and certified as accurate in the Human Resources Management System (HRMS). With this new reporting, OCFO worked with the Office of the Chief Information Officer (OCIO) to decommission the Centralized Reporting Information System (CRIS), effective May 31, 2018. The CACS is now the agency single source system for office staff to query for certified HRMS labor hour data.

In addition, the CRIS to Replacement Reactor Program System (RRPS) interface that provided labor hours noted in Figure 3, "System Staff Hour Discrepancies for Active Traveler Review," of the audit was suspended effective May 31, 2018. The CACS will replace this interface for approved and certified labor hour data. The fiscal year (FY) 2018 CACS-RRPS labor hour interface using the new data structure is currently in the agency's preproduction environment for independent verification and validation before deployment planned for July 31, 2018. The CACS-RRPS labor hour historical data (i.e., that before the

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Status of Recommendations

Recommendation 4 (cont.):

new data structure (pre-FY 2018) requires more significant transformation, independent verification and validation, and testing before deployment. MDM anticipates that the historical labor hour data feed will be tested and deployed by March 29, 2019. The historical labor hour reports are available in the CACS in the interim.

Target Date for Completion: Second quarter FY 2019

Contact: Melissa S. Ash, OCIO/GEMS (301) 415-7251

OIG Analysis:

The actions described above meet the intent of this recommendation. OIG will close this recommendation after staff complete testing and deployment of the historical labor hour feed, including data pertaining to modification of Standard Technical Specification Travelers. This recommendation is resolved.

Status:

Resolved.

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Status of Recommendations

Recommendation 5: Identify and communicate Technical Specifications Branch Traveler modification process user needs.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

The staff will develop the system requirements for the RRPS-Licensing Module to support user needs for the Technical Specifications Branch Traveler modification process. The requirements will be provided to the system's Configuration Control Board.

Target date for completion: August 3, 2018

Contact: Victor G. Cusumano, Branch Chief,
NRR/DSS/STSB (301) 415-4011

OIG Analysis: OIG verified that Technical Specifications Branch Traveler modification process user needs have been submitted to the RRPS-Licensing Module's Configuration Control Board for incorporation into the data system. This recommendation is now closed.

Status: Closed.

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Status of Recommendations

Recommendation 6: Incorporate Technical Specifications Branch Traveler modification process user needs and terminology into work planning and relevant systems.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

The staff will implement the system requirements developed to support the user needs for the Technical Specifications Branch Traveler modification process in the RRPS-Licensing Module according to the system's Configuration Control Board prioritization and approval process.

Target date for completion: November 30, 2018

Contact: Samson S. Lee, Senior Project Manager,
NRR/DORL/LPL1 (301) 415-3168

OIG Analysis: The proposed actions meet the intent of this recommendation. OIG will close this recommendation after verifying that Technical Specifications Branch Traveler modification process user needs have been incorporated into the RRPS-Licensing Module. This recommendation is resolved.

Status: Resolved.

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Status of Recommendations

Recommendation 7: Complete implementation of quality assurance measures to address oversight of Cost Activity Code use.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation. Corrective actions have been completed.

On October 1, 2017, OCFO implemented the CACS to be the single authoritative source for managing Cost Activity Codes (CACs). Design controls were implemented in accordance with the NRC's Project Management Methodology (PMM 2.0) before, during, and after the system implementation.

Additionally, OCFO rolled out a new project-activity labor reporting structure starting with the pay period beginning October 1, 2017, for employees to report their time to in the HRMS. Projects are identified by a new reporting code, the Enterprise Project Identifier (EPID), with activities to complete the project identified by the CAC. Before the implementation date, OCFO worked with office staff to develop a standard list of CACs for each business line, with these as the only CACs available for use by office staff. OCFO must approve requests for a new CAC in the CACS. The role of Agency Time and Labor Policy Coordinator (ATLPC) was centralized in OCFO to ensure all new CAC requests are reviewed and administered for accuracy and need. This review substantially reduces the risk of duplicate code creation by ensuring a high level review by the OCFO ATLPC of existing CACs against new requests from the offices.

The CAC is also established in the CACS as the key data element that identifies the work as license fee billable or

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Status of Recommendations

Recommendation 7 (cont.):

non-fee billable. For license-fee-billable work, the CACS contains a system edit that requires linking a docket code to the CAC and EPID to form a CAC Docket EPID labor string (staff assignment). The activity, project, and licensee docket are joined to create a unique charging string that clearly describes the work performed to further reduce the risk of staff members inadvertently charging their time to an incorrect activity. To ensure proper use of CACs and EPIDs for labor reporting, OCFO established system controls in the new CACS that require employees to request a staff assignment, to be reviewed and approved by supervisors before it appears on an employee's HRMS timesheet. With this control, all employee HRMS timesheets are now locked down. Staff members no longer have access in the HRMS to the full list of active CACs to use for reporting their time.

As with any system migration of this magnitude, the staff recognized the potential for errors early and put additional guidance and controls in place to mitigate issues, further supplementing the already existing controls over billing. This included substantial outreach and training to all staff related to the new data structure and system. Before the October 1, 2017, implementation, OCFO conducted multiple agencywide training sessions for all employees on the changes to the labor coding structure and how to use the new CACS. Because a change of this magnitude would be expected to have some issues, OCFO has dedicated significant staff resources—the ATLPCs, Accounts Receivable Branch (ARB) staff, and Financial Systems Branch staff—to assist employees with using the new coding structure and CACS.

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Status of Recommendations

Recommendation 7 (cont.):

To assist NRC office staff with monitoring and reporting of labor hour data, OCFO developed a new Employee Labor Report in the CACS that provides office staff members with the ability to easily query the labor hour data for their organization. The report provides the flexibility to query by single or multiple data elements and allows for export in multiple file formats for analysis and reporting. The report only provides access to labor hour data that agency management has approved and certified as accurate in the HRMS. With this new reporting, OCFO worked with OCIO to decommission the CRIS, effective May 31, 2018. The CACS is now the agency single source system for office staff to query for certified HRMS labor hour data.

Corrective actions complete as of May 31, 2018

Contact: Carl A. Fredericks, Branch Chief,
OCFO/DOC/ARB (301) 415-6285

OIG Analysis:

OIG has verified staff actions to complete implementation of quality assurance measures for oversight of Cost Activity Code use. This recommendation is now closed.

Status:

Closed.

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Status of Recommendations

Recommendation 8: Implement quality assurance measures to address billing verification oversight.

Agency Response Dated
July 18, 2018:

The staff agrees with the recommendation.

Corrective actions are in process. As stated in Management Directive (MD) 4.6, "Licensee Fee Management Program," dated July 6, 2016, Section III, "Organizational Responsibilities and Delegations of Authority," Subsection D, "Office Directors and Regional Administrators," the responsibilities for the Office Directors (ODs) and Regional Administrators (RAs) include the following:

1. Ensure that staff hours are entered into and approved in the appropriate agency system in accordance with MD 10.43, "Time and Labor Reporting," to support the assessment of fees under 10 CFR Part 170.
2. Ensure that fee-recoverable contract costs are reviewed and approved in accordance with MD 11.1, "NRC Acquisition of Supplies and Services," to support the assessment of fees under 10 CFR Part 170.

As the validation process has never been standardized across the agency, OCFO is currently reviewing the process to ensure it conforms to the new data structure, with changes resulting in improved controls, accountability, and data quality.

Beginning in FY 2018 with the implementation of the new CAC-Docket-EPID coding structure for fee-billable work and the new CACS for managing the CACs and staff assignments, OCFO has undertaken a project to improve the fee-validation process. The project's objective is to

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Status of Recommendations

Recommendation 8 (cont.):

implement a clearly defined validation process that is effective and efficient for all staff and management to follow, provides for improved accountability and control over the data, provides for a complete and timely validation and certification of all hours and contract costs under Title 10 of the Code of Federal Regulations (10 CFR) Part 170, and ultimately results in improved billing accuracy. OCFO ARB is leading this project with participation from program and regional office staff.

A key component of the fees standardization validation process is the identification of the EPID contact and the EPID contact supervisor who will be responsible for ensuring the accuracy of all labor and contract costs recorded to an EPID for a given docket/licensee. OCFO is currently modifying the CACS to allow for the creation and management of EPIDs. Like CACs, the CACS will become the single authoritative source for managing EPIDs. As the management of EPIDs transitions to the CACS, OCFO will establish controls over EPID setup to ensure that the EPID contact and EPID contact supervisor are accurately identified. Once controls are in place for managing EPIDs, the ARB staff will train the program and regional offices responsible for performing the new fees standardization validation process. The completion date is dependent on additional systems enhancements, with a target go-live date currently being determined.

OCFO has an established process for fee validation that ensures systems data are complete and accurate. The process includes a secondary review in the office for all billable charges along with a quarterly certification statement from the OD or RA or his/her delegate (not below division director level).

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Status of Recommendations

Recommendation 8 (cont.):

With the changes to the CAC/EPID/DOCKET construct – we are working to refine the fee validation process – we are currently working with the internal controls team to ensure the new process is sufficient to ensure compliance.

Completion Date: July 18, 2020

Contact: Carl A. Fredericks, Branch Chief, OCFO/DOC/ARB
(301) 415-6285

OIG Analysis:

The proposed actions meet the intent of this recommendation. OIG will close this recommendation after verifying implementation of new EPID management controls and training of cognizant program and regional staff on use of these controls. This recommendation is resolved.

Status:

Resolved.