



CHIEF FINANCIAL
OFFICER

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

September 11, 2019

MEMORANDUM TO: Dr. Brett M. Baker
Assistant Inspector General for Audits
Office of the Inspector General

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

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S INTERNAL
CONTROLS OVER FEE REVENUE (OIG-15-A-12)

Please see below a status update pertaining to the subject audit report of March 19, 2015, and the Office of the Inspector General (OIG) correspondence of July 26, 2019.

Recommendation 1

Establish policies and procedures to centralize the control of Task Assignment Control (TAC) setup.

Status

Agree. The Office of the Chief Financial Officer (OCFO) implemented the Cost Activity Code System (CACS) as the central authoritative source for creating and managing CAC codes, effective October 1, 2017. During Fiscal Year (FY) 2018, the OCFO merged the policy for creating and managing Enterprise Project IDs into the existing CAC guidance to create a single policy and guidance document for creating and managing labor reporting codes. The OCFO issued the final Labor Reporting Policy and Guidance in October 2018. The OCFO continues to work with the Office of Administration (ADM) on updating the agency policy and procedures in Management Directive (MD) 10.43, Time and Labor Reporting. The OCFO submitted NRC Form 521 "Request for Publication or Elimination of an NRC Management Directive" to ADM on 05/10/19. Based on a request from ADM, the package was resubmitted on 05/23/19. The OCFO has completed all requirements for the updating and publication of MD 10.43. The final issuance and release of MD 10.43 will be in accordance with ADM guidelines and schedule.

Milestones:

1. Centralize in the OCFO the control of setup for CACs that are non-billable, non-docket – Complete (Interim CAC Guidance, [ML15328A273](#), and Yellow Announcement, [YA-16-0016](#), 02/19/2016).

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2. Provide guidance and conduct CAC system user training about: the procedures for CAC setup, the data exchange in relation to the program office workload management systems, and the OCFO approval/governance role – Complete (Integrated Training Documents for CAC System and Human Resources Management System (HRMS), [ML17299A170](#), and Yellow Announcement, [YA-17-0074](#), August 16, 2017).
3. Establish policies and procedures to centralize the control of CAC setup for billable, docket-related, and/or project-related CACs – Complete (Labor Reporting and Policy Guidance), [ML18268A217](#), and Yellow Announcement, [YA-18-0098](#), October 18, 2018).
4. Update Management Directive 10.43, Time and Labor Reporting – The OCFO is awaiting the final issuance of MD 10.43. The OCFO lead is Erikka LeGrand.

Recommendation 2

Design and implement internal controls that would allow user access in HRMS to TACs related only to their job functions.

Status

Closed ([ML18143B637](#), May 23, 2018).

Recommendation 3

Standardize and link TACs to specific tasks.

Status

Closed ([ML18143B637](#), May 23, 2018).

Recommendation 4

Design and implement a plan to improve the TAC validation process.

Status

Complete. The actions to complete the new standard fee billing validation process began during FY 2018 after implementation of the new CAC/EPID coding structure and the CACS system. The OCFO formed an intra-agency workgroup to design and implement a standard fee billing validation process. The workgroup developed the new process that improves accountability and control by adding management oversight and awareness concerning the use of the EPID for capturing fee billable labor hours. The new process is streamlined, consistent and incorporates oversight by adding two new data elements (EPID Contact, and EPID Contact Supervisor) to the EPID record in the Reactor Program System and the Cost Activity Code System. Roles and responsibilities were created for fee billing coordination and validation staff to ensure they understand their role in the process and are accountable for fee billing validation work and its implications. Training on the new process began in May 2019 and was completed on June 28, 2019 with the agency “go live” date of July 1, 2019. The standardized fee billing validation process was officially in effect beginning with pay period 14 and required the offices with fee billable charges to review and certify pay period 14/2019 – 16/2019 data. The first monthly certification request utilizing the standardized FBV process was sent to offices on

August 12, 2019 and due back to OCFO by August 23, 2019. This completes the requirements and closes out ticket # OEDO-19-00365 for Recommendation 4.

Milestones:

1. Design a plan to standardize and improve the staff hours validation process – Complete ([ML17290A261](#), October 16, 2017).
2. Design and complete a more effective validation report – Complete ([ML19192A094](#), July 15, 2019).
3. Provide guidance and training for the standard validation process – Complete ([ML19192A094](#), July 15, 2019).
4. Implement the improved CAC validation process – Complete ([ML19192A094](#), July 15, 2019).

Recommendation 5

Develop and implement a project manager and resident inspector overhead allocation methodology that will produce accurate, timely, and reliable overhead cost data for invoicing.

Status

Closed ([ML16048A015](#), February 17, 2016).

Recommendation 6

Design and implement procedures and processes that provide sufficient contractor information on the validation reports for NRC project managers and resident inspectors to identify and validate the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML15153A399](#), June 2, 2015).

Recommendation 7

Design and implement procedures and processes that provide sufficient contractor information on invoices for licensees and applicants to identify the specific tasks performed and related reimbursable contractor costs.

Status

Closed ([ML16048A015](#), February 17, 2016).

cc: S. Zane, OIG
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SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF THE U.S. NUCLEAR
REGULATORY COMMISSION'S INTERNAL CONTROLS OVER FEE REVENUE
(OIG-15-A-12), Dated: September 11, 2019

Due date: extended

DISTRIBUTION: OEDO-19-00365

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Adams: ☒ Yes ☐ No Initials: Initials: _____ SUNSI Review: _____
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OEDO-19-00365

ADAMS Accession No: ML19248C626 *EMAIL CONCURRENCE PROVIDED

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