



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

January 31, 2020

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

FROM: Nader L. Mamish, Director */RA/*
Office of International Programs

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF THE
U.S. NUCLEAR REGULATORY COMMISSION'S OVERSIGHT OF
SOURCE MATERIAL EXPORTS TO FOREIGN COUNTRIES
OIG-17-A-08

This memorandum responds to the August 6, 2019, memorandum requesting an updated status on recommendation 1 from audit OIG-17-A-08. With respect to recommendation 1, I submit the following details:

Recommendation 1:

Coordinate among the Office of International Programs (OIP), Office of Nuclear Materials Safety and Safeguards (NMSS), and regional offices, as appropriate, in developing and implementing an export inspection program to include pre-licensing site visits and periodic post-licensing inspections at Part 110 applicant and licensee locations. The pre-licensing visits may only apply to export applicants who do not already possess another Nuclear Regulatory Commission license.

Agency Response Dated: January 15, 2020

On October 8, 2019, SRM-SECY-18-0050, "Analysis and Options for Export Inspection Program in Response to OIG-17-A-08," stated, the Commission has approved the staff's recommended Option 1a, to maintain the current approach of conducting "for-cause/performance-based" inspections. The Commission has also approved the staff's recommendation to conduct pre-licensing evaluations of those export licensing applicants who do not already possess another license from the U.S. Nuclear Regulatory Commission (NRC) or an Agreement State by implementing a formalized pre-licensing evaluation program.'

Staff has implemented a formalized pre-licensing evaluation program consistent with SRM-SECY-18-0050. This program is documented in OIP's Office Procedures, LIC-01, "Processing Applications for Exports of Category 1 and Category 2 Radioactive Material," (Agencywide Documents Access and Management System (ADAMS) ML20009C786 and

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LIC-02, "Processing Applications for Exports of Nuclear Equipment and Material," ADAMS ML20009D273. Both procedures state, in part, "... the Licensing Officer (LO) is responsible for logging into the Web Based Licensing System to complete Milestone No. 2, "Acceptability Review" of a new license application. The results of the acceptability review, including the applicant's pre-licensing evaluation results are captured in the appropriate "Notes" section of the Milestone. The LO will document the results of this formalized pre-licensing evaluation program for ALL received export applications.

OIP believes this formalized pre-licensing evaluation program satisfies recommendation 1 from audit OIG-17-A-08.

Completion Date: January 9, 2020

cc: G. Butler, OIG
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SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF THE U.S. NUCLEAR
REGULATORY COMMISSION'S OVERSIGHT OF SOURCE MATERIAL
EXPORTS TO FOREIGN COUNTRIES - OIG-17-A-08
DATED JANUARY 31, 2020

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