

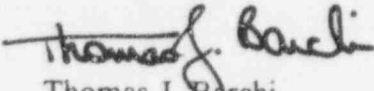


UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

October 15, 1996

OFFICE OF THE  
INSPECTOR GENERAL

MEMORANDUM TO: James M. Taylor  
Executive Director for Operations

FROM:   
Thomas J. Barchi  
Assistant Inspector General for Audits

SUBJECT: REVIEW OF NRC'S IMPLEMENTATION OF OMB CIRCULAR  
A-131, VALUE ENGINEERING

Attached is the Office of the Inspector General's audit report entitled "Review of NRC's Implementation of OMB Circular A-131, Value Engineering". The Office of Management and Budget (OMB) issued Circular A-131 to require Federal agencies to use value engineering as a management tool to reduce program and acquisition costs. Our audit focused on assessing the adequacy of NRC's policies, procedures, and implementation of value engineering.

Our audit work found that NRC has developed value engineering policies and procedures that meet OMB Circular A-131's criteria, although value engineering is not used or considered an appropriate tool for most NRC contracts. We also learned that OMB is planning to revise Circular A-131.

On October 8, 1996 we briefed NRC's Office of Administration management on our findings. We received no comments that necessitated a change to our report. Because we are making no recommendations to the agency regarding our findings, we are issuing this report without obtaining formal agency comments.

Attachment:  
As stated

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