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June 2, 1983

MEMORANDUM FOR: Chairman Palladino
Commissioner Gilinsky
Commissioner Ahearne
Commissioner Roberts
Commissioner Asselstine

FROM: James J. Cummings, Director ~~James J. Cummings~~
Office of Inspector and Auditor

SUBJECT: INITIAL REVIEW OF OI ACTIVITIES

On April 20, 1982, Chairman Palladino announced the formation of the Office of Investigations (OI) to improve the capability of NRC to perform credible, thorough, timely, and objective investigations. To facilitate the development of quality OI investigations, the Office of Inspector and Auditor (OIA) was directed to:

- "Review and comment to the Commission on the adequacy of all OI investigations from now until the end of FY 82.
- "Make a semi-annual audit of OI program development, implementation and evaluation activities."

OIA accomplished these tasks through two concurrent yet distinct reviews: a detailed review of all final OI Reports of Investigation issued prior to March 31, 1983; and on-site inspections at the five regional OI field offices. Results of OIA's efforts follow.

Adequacy of OI Investigations

OIA reviewed 18 final OI Reports of Investigation to determine their adequacy. Because there were no OI investigations finalized until October 1, 1982, the period of review was extended from the end of FY 82 to March 31, 1983. The overall technical quality of OI investigations was generally good. However, four of the investigations did not fully document the circumstances surrounding an incident or allegation and did not develop sufficient evidence to substantiate or refute that an actual violation occurred. OI investigations need to more specifically address regulatory and statutory violations and the elements of proof required to substantiate those violations. Reports detailing the results of OIA's review of these four investigations were provided to the Director, OI, for information and appropriate action.

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OI Program Development, Implementation and Evaluation of Activities

Between November 1982 and March 1983, OIA inspected the five regional OI field offices. These inspections addressed physical facilities, personnel structure, administrative and investigative programs, active investigations and inquiries, and the OI interface with the regions. Although the field offices were experiencing the types of problems expected in any new organization, for the most part OI was off to a good start. We were informed that the NRC regional offices and the OI field offices cooperated well. The Regional Administrators and other key region staff members interviewed by OIA expressed optimism in OI's future and acknowledged an improvement in the quality of investigations since its inception. However, our inspections identified the following areas which require additional attention:

- Administrative practices used by the field offices varied in effectiveness, but OI Headquarters was working with the field office directors to develop procedures to ensure all allegations received by OI are recorded and tracked and all investigative files are properly maintained, controlled and secured. Additionally, the organization and composition of active investigative files required improvement. Many files reviewed by OIA were in a state of disarray with little or none of the completed investigative activity documented. Poor documentation impairs ability to conduct a meaningful case review therefore limiting the usefulness of the case file as a management and investigative tool.
- OIA review of active investigations and inquiries disclosed that action on some significant allegations was untimely because investigators were already committed to other priority cases.
- OI used an inappropriate criterion to delineate a formal investigation from a local inquiry. The decision to initiate a formal investigation was predicated on the amount of investigative time required to resolve the issue rather than on the merit of the allegation. Normally, a formal investigation was initiated only if the field office director estimated OI involvement would extend past several days.

Conclusion

Overall, with the exception of the four investigations discussed above, we concluded that OI was satisfactorily accomplishing its investigative responsibilities. The problems identified during our regional OI field office inspections were discussed with the appropriate field office directors who agreed to improve identified weaknesses. Additionally, with the arrival of a permanent Director in January 1983, and with some additional time to refine current practices and implement new programs and procedures, we expect that OI will make significant improvements in these areas.

Recommendation

In view of the satisfactory progress of OI, I recommend that in lieu of a semi-annual inspection we conduct an annual inspection with the next report to be issued by June 1, 1984.

cc: B. Hayes, OI		OIA	OIA	OIA	OIA
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