



June 9, 2022

MEMORANDUM TO: Daniel H. Dorman,
Executive Director for Operations

FROM: Eric Rivera */RA/*
Acting Assistant Inspector General for Audits

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY
COMMISSION'S MATERIAL CONTROL AND
ACCOUNTING PROGRAM FOR SPECIAL NUCLEAR
MATERIAL (OIG-21-A-04)

REFERENCE: STAFF RESPONSE TO THE OFFICE OF INSPECTOR
GENERAL'S AUDIT OF THE U.S. NUCLEAR
REGULATORY COMMISSION'S MATERIAL CONTROL
AND ACCOUNTING PROGRAM FOR SPECIAL NUCLEAR
MATERIAL (OIG-21-A-04) DATED MAY 25, 2022

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated May 25, 2022. Based on this response, recommendations one, two, and three are open and resolved. Please provide an updated status of the resolved recommendations by October 28, 2022.

If you have any questions or concerns, please call me at (301) 415-5915, or Mike Blair, Team Leader, at (301) 415-8399.

Attachment: As stated

cc: J. Jolicoeur, OEDO
S. Miotla, OEDO
M. Bailey, OEDO
RidsEdoMailCenter Resource
OIG Liaison Resource
EDO_ACS Distribution EDO_ACS Distribution

Audit Report

AUDIT OF THE NRC'S MATERIAL CONTROL AND ACCOUNTING INSPECTION PROGRAM FOR SPECIAL NUCLEAR MATERIAL

(OIG-21-A-04)

Status of Recommendations

Recommendation 1:

Develop and implement enhancements to the existing MC&A communications process to sustain recurring communications between headquarters Material Control and Accounting Branch (MCAB) and Region II Division of Fuel Facilities Inspection (DFFI).

Agency Response Dated
May 25, 2022:

The MC&A Community of Practice group has begun periodic meetings on topics including results from recent MC&A inspections, upcoming inspections, and expected new fuel facility license applications and amendments. Additional communication and collaboration between DFFI and MCAB continue in the development of the following MC&A inspection procedures for Category II facilities: (1) updates to Inspection Manual Chapter (IMC) 2600, Appendix B (MC&A Observation Frequencies and Resource Estimates), and (2) revisions to IMC 1247, Appendix C5 (Fuel Facility Material Control and Accounting Inspector Technical Proficiency Training and Qualification Journal). These ongoing activities help to further promote and sustain communications between headquarters MCAB and Region II DFFI staff.

Based on these enhancements in communications, the staff has completed its actions for this recommendation.

Point of Contact: James Rubenstone, NMSS/DFM/MCAB
(301) 415-7231

OIG Analysis:

The proposed actions continue to meet the intent of this recommendation. The OIG has reviewed IMC 2600 Appendix B and IMC 1247 Appendix C5, which has yet to be finally approved. This recommendation remains resolved and will be closed once IMC 1247 C5 is approved.

Status:

Open: Resolved.

Audit Report

AUDIT OF THE NRC'S MATERIAL CONTROL AND ACCOUNTING INSPECTION PROGRAM FOR SPECIAL NUCLEAR MATERIAL

(OIG-21-A-04)

Status of Recommendations

Recommendation 2:

Develop and implement a strategy to get staff qualified for MC&A in a timely fashion.

Agency Response Dated
May 25, 2022:

The MCAB and DFFI continue to work together in the review and revision of IMC 1247, Appendix C5, the MC&A Inspector Training and Qualification Journal. This revision includes pursuing alternative means for inspectors to complete equivalent material to that included in some courses at the Department of Energy (DOE) on National Training Center (NTC) that have had limited availability in recent times. The draft of IMC 1247, Appendix C5 is complete and is now in review by NMSS. Its final issuance has been delayed by competing priorities. The staff used its add/shed/defer process to address the workload, and IMC 1247, Appendix C5, is now scheduled to be issued as final in the fourth quarter of Fiscal Year 2022.

Staff has developed and begun implementing a plan that allows the inspectors-in-training to gain the specific knowledge and skills needed for qualification while the NTC classes are not available. The plan calls for training through: (1) completing online curricula from university programs, (2) conducting focused discussions with MC&A subject matter experts in NMSS, (3) accompanying current experienced and qualified MC&A inspectors on inspections, and (4) completing refresher and supplemental training from the NTC as these become available. The staff has revised the target completion date for the revision of IMC 1247, Appendix C5, to September 30, 2022.

Point of Contact: James Rubenstone, NMSS/DFM/MCAB
(301) 415-7231

OIG Analysis:

The proposed actions continue to meet the intent of the recommendation. This recommendation will be closed upon the OIG's review of the revised IMC 1247, as well as the status of the proposed alternate training plans and updates to available training schedules as stated by the agency above.

Status:

Open: Resolved.

Audit Report

AUDIT OF THE NRC'S MATERIAL CONTROL AND ACCOUNTING INSPECTION PROGRAM FOR SPECIAL NUCLEAR MATERIAL

(OIG-21-A-04)

Status of Recommendations

Recommendation 3:

Review and update the MC&A inspector qualification program guidance to include a strategy to address emergent MC&A inspection program needs.

Agency Response Dated
May 25, 2022:

The staff is revising IMC 1247, Appendix C5, the MC&A Training and Qualification Journal, to better reflect current training needs and availability. As noted in the response to Recommendation 2, this document is now scheduled to be issued as final in the fourth quarter of Fiscal Year 2022. DFFI also continues to qualify three additional inspectors and maintain the proficiency of three resources outside of the division. Two developments have relieved some of the need to immediately increase the number of qualified MC&A inspectors in DFFI. First, MC&A inspections were risk informed through implementation of the Smarter Inspection Program for fuel cycle facilities, which resulted in changing the frequency of MC&A inspections for Category III fuel facilities and gas centrifuge enrichment facilities (four of the current six facilities) from annual to biennial. The current staff of inspectors is sufficient to cover the needs for all of the existing fuel cycle facilities.

Second, two new planned facilities, for gas centrifuge enrichment and medical isotope production, have experienced delays and are not expected to begin operations until calendar year 2023 at the earliest. As described in the response to Recommendation 2, the staff have identified alternative training sources and developed a plan that provides a means to complete the qualification of the three additional inspectors so that MC&A inspection needs for all facilities are met.

The staff has revised the target completion date for the revision of IMC 1247, Appendix C5, to September 30, 2022.

Point of Contact: James Rubenstone, NMSS/DFM/MCAB
(301) 415-7231

Audit Report

AUDIT OF THE NRC'S MATERIAL CONTROL AND ACCOUNTING INSPECTION PROGRAM FOR SPECIAL NUCLEAR MATERIAL

(OIG-21-A-04)

Status of Recommendations

Recommendation 3 (cont.):

OIG Analysis:

The proposed actions continue to meet the intent of the recommendation. This recommendation will be closed upon the OIG's review of the revised IMC 1247, Appendix C5, to include a strategy to address emergent MC&A inspection program needs.

Status:

Open: Resolved.