

June 15, 2006

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

FROM: Stephen D. Dingbaum **/RA/**
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC
BASELINE INSPECTION PROGRAM (OIG-05-A-06)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR REACTOR
REGULATION, MEMORANDUM DATED MAY 24, 2006

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated May 24, 2006. Based on this updated response, recommendations 3 and 4 are now closed. Recommendation 2 remains in a resolved status. Recommendation 2 will be closed when OIG receives information confirming that corrective action has been completed. Please provide an updated status of recommendation 2 by September 15, 2006.

If you have any questions or concerns, please call me at 415-5915.

Attachment: Status of Recommendations

cc: W. Dean, OEDO
M. Malloy, OEDO
P. Tressler, OEDO

Audit Report
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Status of Open Recommendations

Recommendation 2: Develop guidance on how to identify human performance trends and how that information should be integrated into the reactor oversight process (ROP).

Agency's Updated Response
Of May 24, 2006:

The staff is making enhancements to the ROP treatment of cross-cutting issues to more fully address safety culture as a result of the Staff Requirements Memorandum (SRM)/SECY-04-0111, "Recommended Staff Action Regarding Agency Guidance in the Areas of Safety Conscious Work Environment and Safety Culture," dated August 30, 2004. In response to the SRM, the agency established a working group to enhance the agency's evaluation of a licensee's safety culture through the ROP's treatment of cross-cutting issues and inspection procedures. Human performance, an ROP cross-cutting area, is an important part of safety culture, and the staff has evaluated and assessed human performance as part of this effort to enhance the ROP.

The staff has documented the overall safety culture approach, which is available on the NRC public Web site (<http://www.nrc.gov/what-we-do/regulatory/enforcement/safety-culture.html#otherdocs>). This document can also be obtained through the Agencywide Document Access and Management System (ADAMS) using accession number ML 060680432. The safety culture enhancements to the ROP are almost complete and the staff plans to formally implement them on July 1, 2006.

The staff believes the changes to the inspection program documents should improve the ROP treatment of cross-cutting issues, including the identification of human performance trends. Once implemented, the staff will document the completion of the effort in a formal memorandum to the Office of the Inspector General, recommending closure of this recommendation. The target date for the memorandum is August 30, 2006.

OIG Analysis: Based on the agency's response and the additional discussion with NRR staff at a May 10, 2006 meeting, OIG agrees that progress continues to be made to bring this recommendation to closure. OIG will close this recommendation when the proposed actions are complete.

Status: Resolved.

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Status of Open Recommendations

Recommendation 3: Develop and implement guidance for documenting, tracking, and trending informal inspection issues.

Agency's Updated Response
Of May 24, 2006:

The staff revised the following program guidance to clarify the agency's expectations on the treatment of minor findings.

Inspection Manual Chapter (IMC) 2515, "Light Water Reactor Inspection Program—Operations Phase," was changed in November 2005 to add the following paragraph:

Because ROP uses PIs and inspection findings which are evaluated for risk to determine whether all cornerstone objectives were met at a plant, only those inspection findings which rise above a minimum significance threshold (i.e., findings are greater than minor) are documented in inspection reports. Therefore, inspection findings which are determined to be minor do not need to be nor shall be tracked or trended by either inspectors or regional managers. Instead, minor findings are to be reported to the licensee for action in accordance with the licensee's corrective action program. Licensees are expected to track and trend minor findings and issues as stated in their program. When implementing inspection procedure (IP) 71152, "Identification and Resolution of Problems," inspectors may include minor findings and issues as part of their semiannual trend review. This review will determine whether the licensee has adequately identified and corrected an adverse trend, if any, resulting from all identified deficiencies, including minor findings, during the period of review.

Additionally, IMC 0102, "Oversight and Objectivity of Inspectors and Examiners at Reactor Facilities," was changed in August 2005 to add the following sentence:

Senior resident inspectors should not track or trend minor issues and line managers shall ensure that inspectors do not track or trend minor issues.

The staff is awaiting OIG's decision on closure of this recommendation.

OIG Analysis: At a meeting on May 10, 2006, NRR staff provided OIG with copies of revisions to IMC 2515, "Light-Water Reactor Inspection program – Operations Phase," effective 11/28/05 and IMC 0102, "Oversight and Objectivity of Inspectors and Examiners at Reactor Facilities," effective 8/22/05. Upon OIG review, the agency's completed revisions to these guidance documents satisfy the actions necessary to fulfill this recommendation. Therefore, recommendation 3 is now closed.

Status: Closed.

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Status of Open Recommendations

Recommendation 4: Define “effectiveness” as it pertains to the ROP and establish performance measures and targets to demonstrate that the baseline inspection program meets that definition.

Agency’s Updated Response
Of May 24, 2006:

The NRC Strategic Plan defines effectiveness at the program level as the degree of success in achieving program goals and as requiring careful alignment of planned activities to intended program results to ensure that the right work is being performed. Accordingly, the staff modified Inspection Manual Chapter (IMC) 0307, “Reactor Oversight Process Self-Assessment Program,” to define “effectiveness” and specify that the effectiveness of the ROP will be evaluated through its success in meeting its pre-established goals and intended outcomes (now defined in IMC 0307). The staff also added two inspection program metrics to IMC 0307 to evaluate ROP effectiveness: (1) to include an external survey question regarding the perception of inspection program effectiveness and adequacy in covering areas important to safety and (2) to track completion of the annual inspection procedure review.

As noted in the revised IMC 0307, the ROP self-assessment process utilizes program evaluations and performance metrics to determine its success in meeting the goals and intended outcomes of the ROP. Each performance metric in Appendix A to IMC 0307 is defined, includes the criteria to determine whether it is met, and cross-references those goals each metric is intended to support. The level of effectiveness of the ROP is determined by whether the program goals are met and the intended outcomes are achieved.

SECY-06-0074, “Reactor Oversight Process Self-Assessment for Calendar Year 2005,” dated March 31, 2006, documented the staff’s latest annual ROP self-assessment. The staff concluded that the ROP was effective in meeting the program goals and achieving its intended outcomes, although some areas for improvement remain.

The staff is awaiting OIG’s decision on closure of this recommendation.

OIG Analysis: At a meeting on May 10, 2006, NRR staff provided OIG with a copy of revised IMC 0307, “Reactor Oversight Process Self-Assessment Program,” effective 2/20/06. Upon OIG review, the agency’s completed revisions meet the intent of this recommendation. Therefore, recommendation 4 is now closed.

Status: Closed.