



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

**OFFICE OF THE  
INSPECTOR GENERAL**

October 2, 2013

MEMORANDUM TO: Chairman Macfarlane

FROM: Hubert T. Bell */RA/*  
Inspector General

SUBJECT: INSPECTOR GENERAL'S ASSESSMENT OF THE MOST  
SERIOUS MANAGEMENT AND PERFORMANCE  
CHALLENGES FACING NRC (OIG-14-A-01)

In accordance with the Reports Consolidation Act of 2000, I have updated what I consider to be the most serious management and performance challenges facing the U.S. Nuclear Regulatory Commission (NRC). This report conveys the updated challenge list and provides a description of each challenge area and an assessment of agency actions to address these areas.

### **BACKGROUND AND OBJECTIVES**

On January 24, 2000, Congress enacted the *Reports Consolidation Act of 2000*, requiring Federal agencies to provide financial and performance management information in a more meaningful and useful format for Congress, the President, and the public. The act requires the Inspector General (IG) of each Federal agency to annually summarize what he or she considers to be the most serious management and performance challenges facing the agency and to assess the agency's progress in addressing those challenges.

To accomplish this assessment, I considered the overall work of the Office of the Inspector General (OIG), the OIG staff's general knowledge of agency operations, and other relevant information to develop and update the list of management and performance challenges and assess the agency's progress in addressing these challenges. In addition, my staff sought input from NRC's Chairman, Commissioners,

and management to obtain their views on what challenges the agency is facing and what efforts the agency has taken or are underway to address previously identified management and performance challenges.

**RESULTS**

The NRC's mission is to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. Like other Federal agencies, NRC faces management and performance challenges in carrying out its mission.

Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the discretion of the IGs. I have defined serious management and performance challenges as *mission critical areas or programs that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals.*

Based on this definition, I have identified the following as the most serious management and performance challenges facing NRC as of October 1, 2013:

<b>Most Serious Management and Performance Challenges Facing NRC as of October 1, 2013* (as identified by Inspector General)</b>	
<b>Challenge 1</b>	<i>Management of regulatory processes to meet a changing environment in the oversight of nuclear materials.</i>
<b>Challenge 2</b>	<i>Management of NRC security programs.</i>
<b>Challenge 3</b>	<i>Management of regulatory processes to meet a changing environment in the oversight of nuclear facilities.</i>
<b>Challenge 4</b>	<i>Management of regulatory processes associated with high-level radioactive waste.</i>
<b>Challenge 5</b>	<i>Management of information technology.</i>
<b>Challenge 6</b>	<i>Administration of all aspects of financial management and procurement.</i>
<b>Challenge 7</b>	<i>Management of human capital.</i>
<b>*The most serious management and performance challenges are not ranked in any order of importance.</b>	

## **Challenge 1. Management of regulatory processes to meet a changing environment in the oversight of nuclear materials**

### Overview

NRC is responsible for maintaining an established regulatory framework for the safe and secure use of nuclear materials; medical, industrial, and academic applications; and uranium recovery activities. NRC is authorized to grant licenses for the possession and use of radioactive materials and establish regulations to govern the possession and use of those materials. Agency regulations require that certain material licensees have extensive material control and accounting programs as a condition of their licenses. Other license applicants (including those requesting authorization to possess small quantities of special nuclear materials<sup>1</sup>) must develop and implement plans that demonstrate a commitment to accurately control and account for radioactive materials. Upon a State's request, NRC may enter into an agreement to relinquish its authority to the State to regulate certain radioactive materials (including low-level waste) and limited quantities of special nuclear material. The State must demonstrate that its regulatory program is adequate to protect public health and safety and compatible with NRC's program. The States that enter into an agreement assuming this regulatory authority from NRC are called Agreement States. Currently, there are 37 Agreement States.

### Issues

- Ensure appropriate oversight of radioactive material. This includes the accurate tracking and control of byproduct material, especially those materials with the greatest potential to impact public health and safety.
- Ensure that radioactive material is adequately protected to prevent its use for malicious purposes.
- Ensure reliable accounting of special nuclear materials in the NRC and Department of Energy jointly managed Nuclear Materials Management and Safeguards System.

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<sup>1</sup> Special nuclear material, as defined by Title 1 (Section 11. Definitions) of the Atomic Energy Act of 1954, is plutonium, uranium-233, or uranium enriched in the isotopes uranium-233 or uranium-235.

- Ensure the appropriate oversight of uranium recovery facilities. The Department of Energy is responsible for cleanup and remediation of these sites under an NRC general license.
- Ensure that Agreement State programs are adequate to protect public health and safety and the environment, and are compatible with NRC's program.
- Ensure the management and safe storage and disposal of low-level radioactive waste produced as a result of NRC-licensed activities.
- Improve implementation of the National Environmental Policy Act (NEPA).

### Assessment

During FY 2012, OIG audited NRC's oversight of industrial radiography and found areas where NRC could improve. In FY 2013, NRC continued work on addressing OIG's recommendations to improve its oversight of radiography. The agency is revising its inspection guidance pertaining to radiography—although the revision has been delayed several times.

During FY 2012, OIG conducted two audits concerning general licenses.

- In the first audit, OIG identified that general licensed devices (GLD) could contain dangerous radioactive sources even though persons with no radiation training or experience were allowed to operate the devices. In response to the OIG audit, during FY 2013, agency staff contacted NRC's general licensees that possessed devices with dangerous radioactive sources and encouraged those licensees to transfer their devices to specific licenses.
- In the second audit, OIG found that many general licensees are unaware of NRC's regulatory requirements. The Atomic Energy Act, through the Code of Federal Regulations, establishes regulatory requirements for general licensed devices. However, NRC relies on manufacturers to make general licensees aware of these requirements, thereby delegating some of its responsibilities. In response to the OIG audit, during FY 2013, NRC staff committed to develop a procedure to provide each new NRC general licensee with information that will clearly describe all applicable regulatory requirements.

Since FY 2003, OIG has been tracking NRC's progress regarding the reliable accounting of special nuclear materials. While the agency continues to make progress, it still needs to complete rulemaking on Part 74, Material Control and Accounting of Special Nuclear Material. The final rule and associated guidance are scheduled to be completed by November 12, 2013, and March 12, 2014, respectively.

During FY 2012, OIG audited NRC's oversight of uranium recovery facilities and found opportunities for improvement. In response to the OIG audit, during FY 2013, NRC staff completed actions to ensure compliance with memorandums of understanding it had with the Environmental Protection Agency and developed guidance for inspecting uranium recovery sites transferred to the Department of Energy for long-term surveillance.

Low-level radioactive waste is a byproduct of the country's use and production of certain radioactive material. NRC and the Agreement States regulate low-level waste disposal through a combination of regulatory requirements, licensing, and safety oversight. Currently, there are three low-level waste disposal sites that are regulated by Agreement States. However, these low-level waste disposal sites accept waste only from certain States or accept only limited types of low-level wastes. Low-level radioactive waste that cannot be disposed of at a commercially operated facility is stored "onsite" where it was produced. Onsite storage increases the risk of accident and subjects workers to an increased likelihood of an unplanned exposure. NRC regulates approximately 1,600 materials licensees whose State compact does not have a low-level radioactive waste disposal facility or is not affiliated in a compact.

## **Challenge 2. Management of NRC security programs**

### **Overview**

NRC must remain vigilant with regard to the security of its infrastructure and that of nuclear facilities and nuclear materials. NRC must continue to use robust, proactive measures to protect its infrastructure – the buildings, personnel, and information – from both internal and external threats. Moreover, as the nature of the threat continues to evolve, NRC faces challenges with protecting nuclear facilities and materials, the sharing of sensitive information, as well as emergency preparedness and incident response.

## Issues

- Ensure that NRC maintains strong internal physical and information security programs to protect NRC assets (e.g., NRC headquarters and regional facilities, safeguards and classified information, and information systems).
- Ensure that NRC strengthens the cyber security inspection program to protect licensee-owned assets from compromise consistent with 10 CFR Part 73 requirements.
- Ensure effective nuclear power plant emergency preparedness oversight.
- Ensure that NRC maintains a strong physical security program to protect licensee-owned assets from attack.
- Ensure implementation of the November 21, 2012, Presidential Memorandum, "National Insider Threat Policy and Minimum Standards for Executive Branch Insider Threat Programs." Currently, the staff is working toward several options for presentation to the Commission that consist of the following: (1) NRC staff informing the Commission of the framework of the NRC's insider threat program as required by Executive Order 13587, "Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information"; (2) a policy paper/basic implementation plan that will be a vote paper for Commission consideration, which will include policy questions including the allocation of resources and implications for bargaining unit employees; and (3) once the National Industrial Security Program Operating Manual is finalized, another paper to consider whether and to what degree licensees will be covered by the insider threat program.
- Ensure that NRC continually enhances its capabilities to deter and defeat external threats to its cyber infrastructure to thwart individuals and groups that deploy malicious malware and offensive cyber capabilities for the purpose of accessing NRC's domain for malevolent purposes. Additionally, spear phishing attacks have increased at NRC and present an infrastructure information assurance challenge for the agency.

## Assessment

During FY 2013, OIG evaluated NRC's compliance with the Federal Information Systems Management Act of 2002 (FISMA).<sup>2</sup> NRC has continued to make improvements to its information technology security program and progress in implementing the recommendations from previous FISMA evaluations. Most notable is that the agency has continued to maintain authorizations to operate on its agency and contractor systems.<sup>3</sup>

During FY 2013, OIG was mandated to audit NRC's classified information security program's policies and procedures. OIG found a limited number of marking errors but no evidence of systemic misclassification. Yet, this audit did identify several areas where compliance with Federal Government standards could be improved. For example, OIG found that some NRC document classifiers had not received required training; trained classifiers are not issued documentation that training was received; required classification self-assessments would be enhanced by representative sampling; and NRC's policy guidance on classification is outdated. NRC is taking action on the recommendations to strengthen the classified information security program.

Additionally, OIG audited NRC's process for ensuring that NRC employees are complying with personnel reporting responsibilities for continued NRC access authorization eligibility. During this audit, OIG found that NRC had implemented a new system to track personnel security background investigations. This new system should lead to efficiencies in the work. Nevertheless, OIG found that employees are not complying with personnel reporting responsibilities for continued NRC access authorization eligibility. OIG found that NRC employees rarely self-report the occurrence of certain events or conduct that may bring into question their reliability and trustworthiness even though such reporting is a requirement for continued NRC access authorization. OIG made recommendations to strengthen the compliance process. NRC was in agreement with the recommendations and is taking corrective actions.

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<sup>2</sup> FISMA is a United States Federal law enacted in 2002. The act requires each Federal agency to develop, document, and implement an agencywide program to provide information security for the information and information systems that support the operations and assets of the agency.

<sup>3</sup> An authorization to operate is a formal designation that authorizes operation of a business product and explicitly accepts the risk to agency operations.

### **Challenge 3. Management of regulatory processes to meet a changing environment in the oversight of nuclear facilities**

#### Overview

NRC faces the challenge of maintaining its core regulatory programs while adapting to changes in its regulatory environment. NRC must address a highly variable interest in licensing and constructing new nuclear power plants to meet the Nation's increasing demands for energy production. As of May 2013, NRC had received 18 Combined License applications, 10 of which NRC was actively reviewing. Moreover, the agency is reviewing two standard design certifications and, for advanced reactors, expects to receive three design certification applications and one construction permit application through 2015.

While responding to the emerging demands associated with licensing and regulating new reactors, NRC must maintain focus and effectively carry out its current regulatory responsibilities, such as inspections of the current fleet of operating nuclear reactors and fuel cycle facilities. NRC intends to increase its safety focus on licensing and oversight activities through risk-informed and performance-based regulation.

#### Issues

##### *New Facilities*

- Implement the new Construction Inspection Program.
  - Risk-inform Construction Inspection Program activities to ensure the safe operation of newly constructed nuclear facilities.
  - Ensure that the NRC staff has the necessary knowledge and skill to successfully implement the program.
- As the search for new energy sources continues, NRC must ensure that the process for reviewing applications for new nuclear facilities focuses on safety and effectiveness.



- As the sources of manufactured reactor components become more globalized, NRC must ensure that its regulations and oversight activities appropriately address the challenges associated with licensees procuring components from suppliers located outside the United States.

### Existing Fleet

- Ensure that NRC maintains the ability to effectively review licensee applications for license renewals and power uprates submitted by industry in response to the Nation's increasing demands for energy production.
- Ensure the most important operational issues remain the agency's top priority, and consistently apply responsive regulatory and review changes across the existing fleet of reactors.
- Establish and maintain effective, stable, and predictable regulatory programs or policies for all program areas.

### Cross-Cutting Issues

- Systematically identify and develop — and consistently implement — internal controls to ensure effectiveness and efficiency of agency operations and resources.
- Identify and improve weak, informal, or unstructured processes to facilitate effective, efficient, and consistent staff activities.
- Improve the clarity, consistency, and comprehensiveness of guidance for NRC staff, such as the *Inspection Manual* and inter/intra-office guidance.

### Assessment

OIG conducted audit followup activities in a number of significant issue areas, including oversight of licensees' vendors and reporting of nuclear power plant component defects, enforcement mechanisms, and new construction inspection. OIG auditors concurred with agency actions to close out recommendations in previously audited areas, including agency efforts to:

- Develop and implement a quality assurance process that ensures the accuracy and completion of enforcement data.

- Develop a vendor inspection program planning document that clearly articulates the program purpose and establishes metrics to evaluate program performance.
- Update inspection procedures to ensure NRC inspectors are evaluating licensee component defect reporting issues on a continual basis.

However, significant audit recommendations remain open regarding the clarity of licensee component defect reporting regulations and guidance, assessing NRC staff needs for new construction-related training, and developing a framework to manage the impact of change on key new reactor oversight programs.

#### **Challenge 4. Management of regulatory processes associated with high-level radioactive waste**

##### Overview

NRC regulates high-level radioactive waste generated from commercial nuclear power reactors. High-level radioactive waste is either spent (used) reactor fuel when it is accepted for disposal or waste materials remaining after spent fuel is reprocessed. Because of its highly radioactive fission products, high-level radioactive waste must be handled and stored with care. Since the only way radioactive waste finally becomes harmless is through decay, which for high-level waste can take hundreds of thousands of years, the waste must be stored and finally disposed of in a way that provides adequate protection of the public.

The United States has entered a period where the national policy for storing, reprocessing, and disposal of spent nuclear fuel is being reexamined. With the prospect of spent nuclear fuel being stored at reactor sites for the foreseeable future due to the uncertainty surrounding a permanent repository for high-level radioactive waste, along with recent judicial action, NRC is being called upon to reevaluate its management approaches to the issues associated with long-term high-level radioactive waste storage.

In 2010, NRC updated its Waste Confidence Decision—affirming that spent nuclear fuel could be safely stored onsite at nuclear power plants until a permanent waste repository is built. However, on June 8, 2012, the U.S. Court of Appeals for the District of Columbia Circuit ruled that NRC's waste-confidence decision had not adequately addressed all environmental effects and thus violated the National Environmental Policy Act.

On August 13, 2013, the U.S. Court of Appeals for the District of Columbia Circuit issued a decision. The court ordered NRC to “promptly continue with the legally mandated licensing process” for the Department of Energy’s application for authorization to construct a geologic repository for high-level nuclear waste at Yucca Mountain, Nevada, “unless and until Congress authoritatively says otherwise or there are no appropriated funds remaining.”

An independent spent fuel storage installation (ISFSI) is an NRC-licensed facility designed and constructed for the interim storage of spent nuclear fuel and other radioactive materials associated with the spent fuel. An ISFSI typically consists of a concrete storage pad, storage containers (casks), and any support facilities. As of March 2013, there were 69 licensed ISFSIs in the United States.

### Issues

- Ensure safe and secure interim storage for increasing quantities of high-level radioactive waste for the foreseeable future until a permanent repository for high-level radioactive waste is operational.
- Address regulatory issues relative to a longer-than-anticipated time for interim storage of high-level waste.
- Maintain flexibility to address regulatory challenges related to the storage and transportation of spent nuclear fuel and high-level waste.

### Assessment

Because the U.S. Court of Appeals for the District of Columbia Circuit found that NRC violated the National Environmental Policy Act in issuing its 2010 update to the Waste Confidence Decision and Temporary Storage Rule, the Commission suspended all licensing activities that rely on the Waste Confidence Decision and Rule. NRC created a Waste Confidence Directorate within the Office of Nuclear Materials Safety and Safeguards to oversee the drafting of a new Waste Confidence Environmental Impact Statement and Rule. The Commission has instructed the Directorate to issue the final environmental impact statement and rule by no later than September 2014.

In FY 2011, OIG audited the safety aspect of NRC's oversight of ISFSIs and identified areas where the agency could improve. During FY 2013, NRC staff revised its inspection manual establishing a minimum frequency for conducting routine ISFSI safety inspections.

## **Challenge 5. Management of information technology**

### Overview

NRC needs to continue upgrading and modernizing its information technology (IT) capabilities to meet its IT/information management strategic goals. These goals include ensuring that NRC staff have quick and easy access to information, providing IT solutions that are easy to use and increase agency program performance, and delivering excellent service.

### Issues

- Maintain and enhance information technology activities to strengthen the productivity, efficiency, and effectiveness of agency programs and operations.
- Expand mobile computing – “work from anywhere” – options such as remote access from NRC-issued laptops, non-NRC computers, and hand-held devices including a “bring your own devices” pilot program to allow for the distributed work locations of NRC staff.
- Improve information retrieval with better categorization and organization, enterprise content management, and improved search capabilities.
- Enhance “work with anyone” capabilities to include virtual meeting and collaboration tools with internal and external stakeholders including licensees and the public.

### Assessment

In December 2010, the U.S. Chief Information Officer promulgated the 25-Point Implementation Plan to Reform Federal Information Technology Management. The plan tasked NRC and other agencies with undertaking specific management reforms and policy changes. During FY 2013, OIG audited NRC's compliance and recommended that NRC could improve IT management. As a result, the agency has agreed to institutionalize current training for its IT acquisition staff, create short-term and long-term plans for its data centers, and include all data centers in future consolidation efforts.

Also during FY 2013, OIG evaluated NRC's progress in implementing social media at NRC. The evaluation found that NRC has made significant progress and is compliant with Federal social media policies and regulations. However, consistent with the fact that NRC is still in its early stages with its social media program, there remain areas where the agency can enhance its efficiency and effectiveness. These areas include integrating social media into existing policies, training, and practices; implementing more social media specific security, training, and awareness safeguards; establishing a more prominent voice in the digital realm, and maximizing the potential of social media to enhance interaction with agency stakeholders and engage them in a dialogue on nuclear issues. The agency has implemented a number of recommendations such as soliciting input on a regular basis, making the authors more prominent in articles, and ensuring that information on how social media can be accessed by users is clearly defined and visible.

## **Challenge 6. Administration of all aspects of financial management and procurement**

### Overview

NRC faces significant challenges to efficiently, effectively, and economically manage its corporate resources within the parameters of its budget. In response to a challenging budget environment, NRC is pursuing strategies to target areas of inefficiency.

NRC must meet the requirements of several financial management statutes, including the Federal Managers' Financial Integrity Act and the Chief Financial Officers Act. These acts mandate NRC to establish controls that reasonably ensure that (1) obligations and costs comply with applicable law; (2) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures are properly recorded and accounted for. These acts also encompass programmatic and administrative areas, as well as accounting and financial management.

NRC's procurement of goods and services is made with an aim to achieve the best value for the agency's dollars in a timely manner. Agency policy provides that these activities support the agency's mission; be planned, awarded, and administered efficiently and effectively; and be consistent with sound business practices and contracting principles. Agency efforts are currently focused on the goals of achieving (1) a 21<sup>st</sup> century acquisition program that uses state-of-the-art acquisition methodologies for acquisition planning, execution, management, and closeout, and (2) an acquisition program that fully integrates with the agencywide program and financial planning and budget execution.

## Issues

### *Financial Management*

- Respond to the current challenging budget environment.
- Improve the performance and functionality of the agency's core financial system.
- Improve the integration and functionality of all financially-related systems.

### *Procurement*

- Implement a 21st century acquisition program that will interface with the agency's core financial management system.

## Assessment

### *Financial Management*

During FY 2013, NRC continued to demonstrate sound financial management practices. The *Audit of the NRC's Financial Statements for Fiscal Year 2012* resulted in an unqualified audit opinion. Moreover, other OIG audits demonstrated that NRC is in compliance with Federal laws and standards related to financial management.

The agency also continues its efforts to enhance controls over financial management and to reduce agency overhead costs. For example, NRC established a Transforming Assets into Business Solutions Task Force to analyze and assess NRC's business practices and develop a plan to reduce the duplication of efforts in corporate and office support areas. However, OIG audits identified additional opportunities for improvement in financial operations.

An FY 2013 audit on NRC's process for calculating license fees indicated that NRC has opportunities to improve management of fees. Specifically, the audit recommended that the agency develop an annual validation process to compare budget estimates to actual costs and make adjustments as needed to the fee calculation process.

During an FY 2013 audit of travel charge cards, OIG found that NRC has an opportunity to maximize NRC's rebates by using recommended Federal strategies. The audit recommended that the agency implement a policy to pay centrally billed travel card accounts daily or weekly and explore the possibility of using another agency's existing task order to obtain a higher rebate rate.

During FY 2013, OIG Investigations continued to see examples where NRC employees misused their Government travel charge cards, for example, by charging items not associated with official travel. While NRC has made efforts to address this area, continued efforts are needed to reduce and eradicate misuse.

### Procurement

NRC continues to upgrade its procurement system to streamline the agency's contracting practices. During FY 2013, OIG monitored the agency's procurement activities through meetings with the Division of Contracts, Office of Administration. During FY 2014, these meetings will focus on the agency's Strategic Acquisition System scheduled to be implemented in the August – October 2013 time period.

During FY 2013, an OIG investigation concluded that a contractor improperly billed the agency and failed to provide adequate deliverables. A settlement was reached where the contractor agreed to pay damages plus investigative costs in the amount of \$456,938. While NRC program office and contracting officials rejected deliverables and denied charges from the contractor, this OIG investigation highlights the need for continual vigilance in contract administration.

## **Challenge 7. Management of human capital**

### Overview

For several years, NRC experienced significant workforce growth resulting from increased interest in nuclear power. During FY 2013, NRC's workforce was approximately 4,000 staff positions. Going forward, NRC will need to support increasing mandates in a challenging budget environment. NRC must institutionalize an approach that focuses on its mission of protecting the public health and safety while remaining mindful of staff needs. To manage human capital effectively, while continuing to accomplish the agency's mission, NRC must continue to implement initiatives in the following areas:

- Reduce inefficiencies and overhead by centralizing and streamlining processes while maintaining or improving the level of service to agency offices.
- Space planning.

## Issues

- Respond to a challenging budget environment.
- Adapt training and development programs to the changing needs of agency staff.
- Facilitate continuation of space consolidation efforts.
- Address knowledge management in light of the high number of senior experts and managers who are or will be eligible to retire.
- Enhance the environment for raising concerns.

## Assessment

NRC, like many other Federal agencies, is dealing with the need to become more efficient in performing its mission. In response, NRC has developed a comprehensive human capital management system that is consistent with the agency's core values. The Office of the Chief Human Capital Officer (OCHCO) has implemented specific hiring controls in order to address the agency's projected shortfall in salaries and benefits. Additionally, OCHCO developed long- and short-term staffing plans focusing on mission-related work. These plans are effective tools for offices over the next several years as they balance grade structure, manage positions and achieve salary and benefit targets.

During audits and evaluations, OIG considers both budget information for NRC programs and training needs for staff and makes recommendations, as appropriate, for improvements in these areas. For example, in FY 2013, OIG conducted audits that discussed improvements needed in the training offered by the agency concerning NRC's (1) budget execution process and (2) travel charge card program.

NRC and the General Services Administration continue to work together to obtain approval for a consolidated housing plan for NRC headquarters that meets current standards for space utilization. After approval by the Office of Management and Budget, the plan will be presented to Congress. The final decision will rest with the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works.

NRC continues to make progress on reconsolidation of its staff from headquarters interim buildings to the White Flint Campus' Two White Flint North and Three White Flint North buildings.



During FY 2013, OIG also reported on the agencywide safety culture and climate on the basis of an employee survey taken in September 2012.<sup>4</sup> When compared to previous surveys, agency staff rated 8 of 19 categories less favorable than in 2009. Some of these areas include the staff's comfort level in elevating concerns and raising differing opinions, staff development and management, agency image, and the impact of metrics on work quality. Regarding knowledge management, the survey identified that NRC has made improvements in this area but still has opportunities to improve. The survey also indicated that staff may be less comfortable raising concerns since the previous survey was conducted. NRC management has assembled a group consisting of agency staff from multiple offices to seek opportunities for improvement in these areas.

In FY 2013, OIG investigative activities highlighted various human capital issues. For example, OIG completed an investigation regarding concerns associated with NRC's "open door" policy and Differing Professional Opinion (DPO) program. Several interviewees told OIG that because there is a perception by NRC staff that filing a DPO leads to retaliation, many staff are unwilling to use the program. Additionally, OIG investigations completed work and reported instances of misuse of the Transit Subsidy Benefits Program and undocumented Government overtime and time and attendance.

## **CONCLUSION**

The seven challenges contained in this report are distinct, yet are interdependent to accomplishing NRC's mission. For example, the challenge of managing human capital affects all other management and performance challenges.

The agency's continued progress in taking actions to address the challenges presented should facilitate achievement of the agency's mission and goals.

## **SCOPE AND METHODOLOGY**

This report presents the IG's annual assessment of the most serious management and performance challenges facing the NRC. The challenges represent critical areas or difficult tasks that warrant high level management attention. To accomplish this work, the OIG focused on determining (1) current challenges, (2) the agency's efforts to address the challenges during FY 2013, and (3) planned agency efforts to address the challenges.

OIG reviewed and analyzed pertinent laws and authoritative guidance, agency documents, and OIG reports, and sought input from NRC officials concerning agency accomplishments relative to the challenge areas and suggestions they had for updating

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<sup>4</sup> 2012 NRC Safety Culture and Climate Survey, OIG-13-A-15, March 29, 2013.

the challenges. Specifically, because challenges affect mission critical areas or programs that have the potential to impact agency operations or strategic goals, NRC Commission members, offices that report to the Commission, the Executive Director for Operations, and the Chief Financial Officer were afforded the opportunity to share any information and insights on this subject.

OIG staff conducted this assessment from May through August 2013 at NRC headquarters.