

November 3, 2014

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Michael R. Johnson */RA/*
Deputy Executive Director for Reactor
and Preparedness Programs
Office of the Executive Director for Operations

SUBJECT: FORMAL COMMENTS ON THE OFFICE OF THE INSPECTOR
GENERAL DRAFT REPORT ON THE U.S. NUCLEAR
REGULATORY COMMISSION'S TASK INTERFACE AGREEMENT
PROCESS

This memorandum responds to the October 27, 2014, e-mail from Mr. Robert Wild, Team Leader, Office of the Inspector General (OIG), transmitting the OIG's final draft report, "Audit of NRC's [U.S. Nuclear Regulatory Commission] Task Interface Agreement [(TIA)] Process." The report was revised following receipt of the agency's informal written comments of October 14, 2014, verbal comments provided during the October 16, 2014, exit conference, and editorial comments provided on October 27, 2014.

The NRC staff is pleased with the conduct of the audit, and is in general agreement with the revised draft report and fully agrees with the recommendation to:

Develop sufficient internal controls to ensure TIA performance measures for timeliness are met.

The NRC staff will address the recommendation above in connection with our previously discussed ongoing efforts stemming from the revised office instruction (COM-106, "Control of Task Interface Agreements"). In addition, the NRC staff has reviewed the report and found no sensitive, proprietary, personally identifiable information, nor classified information or other information that would necessitate redaction prior to issuing the report as publically available.

Despite the staff's satisfaction with the audit effort and its outcome, the following specific comments are relevant to various statements noted in the audit report. The NRC staff is concerned that some of these statements, if taken out of context, could cast an unduly negative perspective on this important staff function.

CONTACT: Holly D. Cruz, NRR/DPR
(301) 415-1053

- In the Section entitled “Impacts of Untimely TIAs,” Page 9, last paragraph, the OIG report states:

“Staff failures to consistently meet metrics established by guidance and approved by agency management results in a variety of TIA-process specific and agencywide impacts. Failure to meet performance metrics could potentially affect the agency’s safety oversight mission as well as overall TIA process effectiveness and agency accountability.”

The NRC staff would like to provide clarification regarding the NRC staff’s dedication regarding safety oversight. The TIA process is one of several important processes utilized by the NRC staff to address safety significant issues. If it is determined that an issue described by the TIA would be more appropriately addressed in an alternate process, the TIA process is exited and the issue referred to the correct process(es). As an example, the NRC staff can address safety issues through 50.109 of the Title 10 of the *Code of Federal Regulations* (10 CFR) (the backfit process). Based on the safety significance of the issue, the NRC will take appropriate regulatory action, up to and including an order to shut down.

- Also discussed under “Impacts of Untimely TIAs,” Page 10, last paragraph, the OIG notes:

“TIA responses that take months or years could affect the safe operation of nuclear power plants. For example, regional staff initiated a TIA in 2009 to obtain clarification of a licensee’s interpretation of a regulation and associated guidance. The TIA was intended to determine if a licensee had appropriately implemented the provisions of 10 CFR Part 21, “Reporting of Defects and Noncompliance,” at a nuclear power plant. This TIA was closed in 2012, yet the TIA question was not resolved. One consequence of a regulatory issue remaining unresolved is that the licensee may potentially be out of compliance with the regulation, and this may result in a failure to report important safety problems to NRC.”

The NRC staff would like to clarify that this TIA was closed in 2012, and the issues noted in the TIA were directed to a more appropriate process. These issues are currently being addressed by the staff in a revision to NUREG-1022, “Event Reporting Guidelines: 10 CFR 50.72 and 50.73.”

- Finally, under “Impacts of Untimely TIAs,” Pages 10-11, last paragraph on Page 10. The OIG notes:

“Finally, in general, staff failures to consistently meet metrics established by guidance erode the agency’s accountability culture. A lack of staff accountability to meet performance measures signals management’s acceptance of managing a process without reasonable assurance of the program efficiency or effectiveness. Staff who are not held accountable for metrics in one program area or process are more likely to view other program metrics as optional. Likewise, when metrics are viewed by internal and external stakeholders as meaningless, their willingness to participate in a process or program deteriorates. When controls such as metrics and

milestones are not enforced, there can be an overall adverse impact on the agency's ability to effectively and efficiently implement programs."

The NRC staff would like to provide some perspective regarding agency priorities and resources, as they pertain to accountability culture. The NRC management was aware of the issues surrounding the declining metrics, and expended resources to make improvements and revise the process. As the changes to the process are still recent, the benefit of the revisions has not been fully realized. Further, it is important to note the broader context of agency priorities. Specifically, post-Fukushima activities required the redirection of resources within the Office of Nuclear Reactor Regulation during 2011, 2012, and 2013. The redirection of limited resources can be traced, in part, to the declining metrics.

We appreciate your willingness to consider these comments as you finalize your report. If you need additional information, please contact Holly Cruz of my staff at (301) 415-1053.

cc: Chairman Macfarlane
Commissioner Svinicki
Commissioner Ostendorff
Commissioner Baran
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