



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Modified Inspection and Evaluation External Peer Review Final Report

October 28, 2020

To: Robert J. Feitel, Inspector General
U. S. Nuclear Regulatory Commission

From: Richard K. Delmar, Deputy Inspector General
U. S. Department of the Treasury

This required modified external peer review was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Inspection and Evaluation Committee guidance as contained in the CIGIE *Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General*. The peer review was conducted from July 16, 2020 through August 27, 2020.

The CIGIE External Peer Review Team (Review Team) assessed the extent to which the U. S. Nuclear Regulatory Commission (NRC) Office of Inspector General (OIG) met the seven CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book) standards, specifically: Quality Control; Planning; Data Collections and Analysis; Evidence; Records Maintenance; Reporting; and Followup. This assessment included a review of NRC's internal policies and procedures: Audit Manual, issued July 2019 implementing the seven required Blue Book standards.

The Review Team determined that NRC's policies and procedures generally met the seven Blue Book standards addressed in the external peer review. We have issued a Letter of Comment dated October 28, 2020 (Enclosure 1) that sets forth the results of the peer review and includes a recommendation to strengthen the NRC OIG's policies and procedures. NRC OIG provided a response to our letter (Enclosure 2).

Enclosures

ENCLOSURE 1: Letter of Comment, Scope and Methodology

The Review Team did not conduct onsite visits due to the safety concerns surrounding the Coronavirus Disease 2019 (Covid-19). We reviewed NRC OIG information forwarded to us by email and interviewed pertinent staff from NRC. The review team experienced no constraints, limitations, or impairments in conducting our review.

RESULTS AND FINDINGS

INTERNAL POLICIES AND PROCEDURES

Based on the Review Team's assessment, NRC OIG's policies and procedures generally met the seven required Blue Book standards. The review team found one area that the NRC OIG's policies and procedures should be strengthened to address a covered Blue Book standard. This area is discussed below.

COMPLIANCE WITH STANDARDS

The following is a summary of the Review Team's assessment of NRC OIG's policy and procedures against the seven Blue Book standards included in this review.

QUALITY CONTROL

The CIGIE standard for inspection work is: *"Each OIG organization that conducts inspections should have appropriate internal quality controls for that work."* Key elements of this standard include establishing mechanisms for quality control, documenting those mechanisms, and ensuring adequate supervision.

Finding(s):

The internal policies and procedures met the Blue Book standards.

PLANNING

The CIGIE standard for inspection work is: *"Inspections are to be adequately planned."* Key elements of this standard include creating a work plan, coordination (both internal and external), and research.

Finding(s):

The internal policies and procedures met the Blue Book standards.

DATA COLLECTION AND ANALYSIS

The CIGIE standard for inspection work is: *"The collection of information and data will be focused on the organization, program, activity, or function being inspected, consistent with the inspection objectives, and will be sufficient to provide a reasonable basis for reaching conclusions."* This standard requires covered Inspection and Evaluation (I&E) organizations to describe the project's sources of data and information in the supporting documentation, ensure information is appropriately scoped, employ procedures to ensure data reliability and validity, and ensure that the confidentiality of sources and sensitive information is

safeguarded. Key elements of the standard related to data analysis include ensuring that data is reviewed for accuracy and reliability, information is appropriately presented and documented, procedures provide for supervisory review, and findings satisfy objectives.

Finding(s):

The internal policies and procedures generally met the Blue Book standards. The internal policies and procedures need to be modified to include procedures that address ensuring confidentiality of individuals or those providing certain information. The standard requires that confidentiality, as appropriate, should be afforded to sources of information consistent with the Inspector General Act of 1978, as amended; the internal policies of each OIG; and other applicable laws and statutes. The Inspector General Act of 1978, as amended, states that the Inspector General shall not, without the consent of the employee or unless the Inspector General determines that such a disclosure is unavoidable, disclose the identity of a Department/Agency employee providing a complaint or information concerning the possible violation of law, rules, or regulations; mismanagement; waste of funds; abuse of authority; or a substantial and specific danger to public health or safety. OIGs should develop and implement procedures for maintaining the confidentiality of individuals providing information. Inspectors must carefully monitor their actions and words to not inappropriately reveal the source of information.

Recommendation(s):

We recommend that NRC develop and implement procedures for maintaining the confidentiality of individuals or those providing information regarding a complaint or information concerning the possible violation of law, rules, or regulations; mismanagement; waste of funds; abuse of authority; or a substantial and specific danger to public health or safety.

Observation(s):

We noted that the Reporting section of the internal policies and procedures contained language protecting the confidentiality of privileged or confidential information. Specifically, it states reports may contain a statement that information has been omitted because it is considered privileged or confidential, when applicable. However, the policies and procedures do not address protecting the confidentiality of individuals or those providing certain information, as specified in the finding above.

EVIDENCE

The CIGIE standard for inspection work is: *“Evidence supporting inspection findings, conclusions, and recommendations should be sufficient, competent, and relevant and should lead a reasonable person to sustain the findings, conclusions, and recommendations.”* Key elements of this standard include ensuring that evidence is sufficient to persuade a knowledgeable person of the validity of the related Findings and Recommendations, is collected and evaluated using reasonable methods, and has a logical relationship to the issue(s) being addressed.

Finding(s):

The internal policies and procedures met the Blue Book standards.

RECORDS MAINTENANCE

The CIGIE standard for inspection work is: “*All relevant documentation generated, obtained, and used in supporting inspection findings, conclusions, and recommendations should be retained for an appropriate period of time.*” Key elements of this standard include ensuring that supporting information is effectively organized, provides a record of the nature and scope of the inspection, and provides sufficient information for supervisors to manage and evaluate staff; and that the organization has policies and procedures for document retention.

Finding(s):

The internal policies and procedures met the Blue Book standards.

REPORTING

The CIGIE standard for inspection work is: “*Inspection reporting shall present factual data accurately, fairly, and objectively and present findings, conclusions, and recommendations in a persuasive manner.*” Key elements of this standard include ensuring that reporting is timely, accurate, and objective; provides sufficient context; describes objectives, scope, and methods; uses clear and concise language; and includes a statement that the inspection was conducted in accordance with the standards. The standard also requires that findings are supported by evidence, conclusions are logical inferences, and recommendations describe what should be corrected.

Finding(s):

The internal policies and procedures met the Blue Book standards.

FOLLOW-UP

The CIGIE standard for inspection work is: “*Appropriate follow-up will be performed to ensure that any inspection recommendations made to Department/Agency officials are adequately considered and appropriately addressed.*” Key elements of this standard include that the I&E organization determines whether agency officials take action to correct problems, performs follow-up work as appropriate to verify management actions, and considers prior recommendations and need for follow-up when planning and conducting new inspections.

Finding(s):

The internal policies and procedures met the Blue Book standards.

ENCLOSURE 2: Reviewed Organization Comments to Draft Report



INSPECTOR GENERAL

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

October 26, 2020

Dear Mr. Delmar:

Thank you for the opportunity to comment on the draft Modified Inspection and Evaluation External Peer Review Final Report for the U.S. Nuclear Regulatory Commission's Office of the Inspector General. We appreciate your independent review and concur with your conclusion that our office generally met the seven CIGIE *Quality Standards for Inspection and Evaluation*.

We appreciate the professionalism and efforts of your staff during this peer review. If you have any questions regarding this letter, please contact Dr. Brett M. Baker, Assistant Inspector General for Audit, at (301) 415-5915, or via e-mail at Brett.Baker@nrc.gov.

Best regards,

Robert J. Feitel
Digitally signed by Robert J. Feitel
Date: 2020.10.26 14:07:37 -0400

Robert J. Feitel
Inspector General