



OFFICE OF THE INSPECTOR GENERAL

U.S. NUCLEAR REGULATORY COMMISSION

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2020

DNFSB-20-A-01

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WHY WE DID THIS REPORT

The *Reports Consolidation Act of 2000* (Public Law 106-531) requires us to annually update our assessment of the Defense Nuclear Facilities Safety Board's (DNFSB) "... most serious management and performance challenges facing the agency ... and the agency's progress in addressing those challenges."

WHAT WE FOUND

DNFSB is an independent oversight organization within the Executive Branch created by Congress in 1988. DNFSB is considered a critical oversight agency as it performs its mission to provide independent analysis, advice, and recommendations to the Secretary of Energy in providing adequate protection of public health and safety at defense nuclear facilities in the Department of Energy (DOE). The Board requested \$29,450,000 and 100 full-time equivalents (FTE) to carry out its mission in FY 2020. This is a 5 percent decrease from the agency's FY 2019 appropriation level of \$31,000,000. As of October 2019, DNFSB has 89 positions occupied. The Board unanimously approved an FY 2020 staffing plan totaling 115 employees. Based on hiring/attrition cycles, DNFSB expects to average 100 employees going forward.

This year we are introducing a new design for the Management Challenges report, in which we identify each challenge, actions taken, and work left to do. We identified 4 actionable challenges DNFSB must continue to address:

1. Management of a healthy and sustainable organizational culture and climate.
2. Management of security over internal infrastructure (personnel, physical, and cyber security) and nuclear security.
3. Management of administrative functions.
4. Management of technical programs.

Effective responses to these challenges will position DNFSB to work towards the effective and efficient execution of its mission, achievement of its strategic goals, and to achieve the highest level of accountability over taxpayer dollars.

AGENCY RESPONSE TO MANAGEMENT CHALLENGES FOR FY 2019

During FY 2019, DNFSB completed actions in response to recommendations from 4 different audits: *Audit of DNFSB Compliance with the Cybersecurity Act of 2015*, *Audit of DNFSB's Resident Inspector Program*, *Audit of DNFSB's Implementation of Its Governing Legislation*, and an *Independent Evaluation of DNFSB's Implementation of FISMA 2014 for FY 2017*.

FOR FURTHER INFORMATION, CONTACT US AT:

U.S. Nuclear Regulatory Commission

Office of the Inspector General, Mail Stop O5-E13, 11555 Rockville Pike, Rockville, MD 20852

Telephone: 301-415-5930 Fax: 301-415-5091

For this and other OIG reports on DNFSB, click [here](#).

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Introduction

From the Deputy Inspector General:

I am pleased to present our assessment of the most significant management and performance challenges facing Defense Nuclear Facilities Safety Board (DNFSB) in Fiscal Year (FY) 2020.

The *Reports Consolidation Act of 2001* requires us to annually update our assessment of DNFSB's "... most serious management and performance challenges facing the agency ... and the agency's progress in addressing those challenges." In this report, we summarize what we consider the most critical management and performance challenges to DNFSB, and we assess the agency's progress in addressing those challenges.

DNFSB (or the Board), an independent oversight organization within the Executive Branch, was created by Congress in 1988 to provide advice and recommendations to the Secretary of Energy regarding public health and safety at the defense nuclear facilities managed by the Department of Energy (DOE). Beyond its regulatory oversight mission, as a Federal agency, DNFSB must be a responsible steward of taxpayer dollars.

About the Office of the Inspector General:

In accordance with the 1988 amendment to the *Inspector General Act of 1978*, the Office of the Inspector General (OIG) was established on April 15, 1989, as an independent and objective unit to conduct and supervise audits and conduct investigations of the Nuclear Regulatory Commission. Pursuant to the *Consolidated Appropriations Act* for Fiscal Year 2014 (H.R. 3547), the Office of the Inspector General of the Nuclear Regulatory Commission was assigned to also serve as DNFSB's Inspector General (IG). The purpose of OIG's audits and investigations is to prevent and detect fraud, waste, abuse, and mismanagement, and promote economy, efficiency, and effectiveness in DNFSB programs and operations. In addition, OIG reviews existing and proposed regulations, legislation, and directives, and provides comments, as appropriate, regarding any significant concerns. The IG keeps the DNFSB Chairman and the Congress fully and currently informed about problems, recommends corrective actions, and monitors DNFSB's progress in implementing such actions.

About the Defense Nuclear Facilities Safety Board:

DNFSB, an independent oversight organization within the Executive Branch, was created by Congress in September 1988 in response to growing concerns about the level of health and safety protection that DOE was providing the public and workers at defense nuclear facilities. In so doing, Congress sought to provide the general public with added assurance that DOE's defense nuclear facilities are being safely designed, constructed, operated, and decommissioned.

The mission of the Board is to provide independent analysis, advice, and recommendations to the Secretary of Energy to inform the Secretary, in support of DOE's responsibility to provide adequate protection of public health and safety at defense nuclear facilities.

The Board is composed of five respected experts in the field of nuclear safety with demonstrated competence and knowledge relevant to its independent investigative and oversight functions. Currently three Board positions are filled.

DNFSB reviews and evaluates the content and implementation of health and safety standards, as well as other requirements, relating to the design, construction, operation, and decommissioning of DOE's defense nuclear facilities. In August 2018, the Acting Chairman of DNFSB announced a plan to reorganize and reduce staff at DNFSB, with a targeted increase of 80 percent in the number of on-site Resident Inspectors and an approximately 40 percent decrease in DNFSB headquarters staff to 79 employees, but Congressional approval will be needed before such an action is taken. DNFSB's enabling legislation authorized a staff of up to 130 personnel in FY 2018. In its most recent budget request, the Board requested \$29,450,000 and 100 full-time equivalents (FTE) to carry out its mission in FY 2020. This is a 5 percent decrease from the agency's FY 2019 appropriation level of \$31,000,000. On September 24, 2019, the Board unanimously approved an FY2020 staffing plan totaling 115 employees. As of October 2019, DNFSB has 89 positions occupied. The staffing plan recognizes that the time to post, hire, and on-board new employees, along with typical attrition, will translate to about 100 FTE, which is what is supported by the expected Congressional funding level for FY2020.

During FY 2019, DNFSB completed several actions on recommendations from the *Audit of DNFSB's Resident Inspector Program* (DNFSB-17-A-05), the FISMA 2017 Evaluation (DNFSB-18-A-02), all recommendations from DNFSB-18-A-03, *Audit of DNFSB Compliance with the DATA Act of 2014*, and the final recommendations from DNFSB-16-A-07, *Cybersecurity Act of 2015 Audit for DNFSB*, as well as recommendations from the *Audit of DNFSB's Implementation of Its Governing Legislation*. Specifically, listed below are the audits with recommendations closed by DNFSB between October 1, 2018 and September 30, 2019, along with the number of closed recommendations in brackets:

1. *Audit of DNFSB Compliance with the Cybersecurity Act of 2015* [2]
2. *Audit of DNFSB's Resident Inspector Program* [1]
3. *Audit of DNFSB's Implementation of Its Governing Legislation* [2]
4. *Independent Evaluation of DNFSB's Implementation of FISMA 2014 for FY 2017* [1]

There are four actionable challenges DNFSB must continue to address to accomplish its mission:

1. Management of a healthy and sustainable organizational culture and climate.
2. Management of security over internal infrastructure (personnel, physical, and cyber security) and nuclear security.
3. Management of administrative functions.
4. Management of technical programs.

Effective responses to these challenges will position DNFSB to work towards the effective and efficient execution of its mission, achievement of its strategic goals, and to achieve the highest level of accountability over taxpayer dollars.

Challenge 1: *Management of a healthy and sustainable organizational culture and climate*

Why is this a serious management and performance challenge?

This is a longstanding, systemic challenge that impinges effective and open communication between staff and Board Members, which adversely affects DNFSB's ability to fulfill its mission.

In recent years, DNFSB has experienced significant external and internal challenges that have affected its work culture and climate. For example, DNFSB has experienced: declining budgets, higher employee turnover, inadequate succession planning, lack of key competencies, gaps in agency leadership skills, and communication issues. These challenges have been further compounded by DNFSB's internal challenges, which include major reorganizations, and official Board communications expressing a desire to downsize. The Board had voted 3 to 1 to significantly reduce the size of the workforce to further its intention to make the organization more "lean and nimble," contrary to staff concerns for its ability to carry out the mission. Congress ordered a halt to this action. While the Board has subsequently taken some action to approve higher staffing levels, the challenges and changes experienced within DNFSB have negatively affected trust and employee engagement.

OIG audit work has identified instances wherein the efficiency and effectiveness of DNFSB processes have been impeded by a lack of communication and cooperation between the staff and Board members. For example, in the *Audit of DNFSB's Issue and Commitment Tracking System (IACS) and Its Related Processes*, (DNFSB-19-A-02) OIG found DNFSB's IACS 3.0 and related processes are not always efficient or effective. This is due to a lack of effective communication within the agency, which has created a work culture that could compromise DNFSB's ability to successfully execute its mission. The Board's decision not to implement two of the eight report recommendations from DNFSB 19-A-02 related to communication with the staff, coupled with concerns identified in two prior engagements (DNFSB 18-A-05 *Audit of the DNFSB's Implementation of Its Governing Legislation* and DNFSB 15-A-06 *Culture and Climate Survey Executive Overview of Key Findings*) continues to indicate serious issues regarding communication and coordination. As such, OIG continues to see management of a healthy and sustainable organizational culture and climate as a serious challenge.

Completed Actions

- DNFSB developed and implemented one of the audit report recommendations from DNFSB-19-A-02.
- DNFSB contracted with the National Academy of Public Administration (NAPA) to perform a comprehensive organizational assessment in November 2018.

Ongoing Actions

- DNFSB is continuing to work with NAPA to provide strategic planning and employee engagement services to include a draft DNFSB strategic plan for the next 5 years and specific recommendations for improving employee engagement at the agency.
- DNFSB contracted with the Federal Mediation & Conciliation Service to work on communications among Board Members and with Senior Federal Staff.



Looking Ahead: OIG will continue to monitor DNFSB's actions to improve culture and climate and the trend of available data in this area.

Challenge 2: *Management of security over internal infrastructure (personnel, physical, and cyber security) and nuclear security*

Why is this a serious management and performance challenge?

Security over internal infrastructure is a continuing challenge for Federal entities. In addition, nuclear security is also an important concern that will continue to be a key challenge for DNFSB.

DNFSB must take appropriate measures to secure its personnel, facilities, and information. Criminals and foreign intelligence organizations pose continuous external threats. In addition, DNFSB must also protect itself against trusted insiders who could maliciously or unintentionally compromise the security of its facilities and information systems. Additionally, information security presents unique challenges by virtue of the imperative to balance information safeguards while facilitating legitimate users' access to information.

Key security challenges for DNFSB include the following:

- Ensuring that cyber security has become a crucial aspect of DNFSB's overall security posture and that cyber security protective measures keep pace with evolving threats, given the importance and sensitivity of DNFSB's activities.
- Maintaining robust internal controls over classified information and the systems that process, store, and transmit it to protect against breaches of classified information by Federal employees and contractors.
- Implementing sound records management practices to ensure that DNFSB staff can respond effectively to information requests from external stakeholders and conduct agency business as transparently as possible.

Completed Actions

- The Board hired an independent contractor to review DNFSB's information technology infrastructure.
- DNFSB has made efforts to strengthen the skills and qualifications of their information technology staff.

Ongoing Actions

- DNFSB continues to implement OIG recommendations from several *Federal Information Security Modernization Act* (FISMA) evaluations.
- DNFSB continues to improve policies and procedures to make enhancements to its physical and cyber security infrastructure.



Looking Ahead: OIG will continue to work with the Board in conducting audits and evaluations that will enhance security over DNFSB internal infrastructure.

Challenge 3: *Management of administrative functions*

Why is this a serious management and performance challenge?

This challenge is important to provide centralized administrative functions in corporate support services and enable DNFSB's management and staff to accomplish the agency mission and operate efficiently and effectively.

DNFSB should continue exploring ways to improve its administrative functions. To support the technical staff, DNFSB provides corporate support services such as contract support, human resources support, financial reporting, and information technology services. Although DNFSB has established these administrative functions to support agency staff, there is still ongoing concern regarding employee morale, recruiting new hires, and retention. One significant area of concern is the provision of human resources support to the agency. As of October 2019, DNFSB has 89 positions occupied. As noted earlier in this report, late in FY 2019 the Board approved a staffing plan to increase the number of staff. DNFSB must be able to effectively recruit new hires, strengthen performance management and increase employee engagement and retention. This concern includes functions such as employee recognition and training new and current staff.

Key DNFSB administrative function challenges include the following:

- Continuing to improve internal control documentation and practices for DNFSB's financial and administrative functions.
- Implementing effective employee engagement and recognition techniques.
- Providing current staff with the training and tools to maintain and/or improve the skills needed to effectively perform their jobs.
- Continuing efforts to keep DNFSB policies and procedures current.

Completed Actions

On September 24, 2019, the Board unanimously approved an FY 2020 staffing plan totaling 115 employees.

Ongoing Actions

- The Board is implementing National Academy of Public Administration (NAPA) recommendations concerning its assessment of the Board's operations.
- The Board is seeking Congressional change to its statute in order to hire an Executive Director for Operations to address organizational and administrative challenges.



Looking Ahead: OIG will continue to monitor DNFSB's Talent Management System to develop future audits and/or evaluations.

Challenge 4: *Management of technical programs*

Why is this a serious management and performance challenge?

DNFSB's technical positions require highly qualified experts, yet staff turnover has reduced the overall experience level significantly. The need for cooperation and coordination with DOE, in light of DOE Order 140.1, which potentially limits DNFSB access to technical information at DOE sites is a new challenge.

OIG audit work has identified instances wherein the efficiency and effectiveness of DNFSB's technical processes have been impeded by insufficient guidance, processes, and procedures as well as lack of communication and cooperation between the staff and Board members. For example, in the *Audit of DNFSB's Issue and Commitment Tracking System (IACS) and Its Related Processes*, (DNFSB 19-A-02) OIG found DNFSB's IACS 3.0 and related processes are not always efficient or effective.

Audit report DNFSB 19-A-02 made eight recommendations, with which DNFSB expressed agreement and elected not to provide formal comments. However, recent correspondence documenting DNFSB's actions on the recommendations now indicates Board disagreement with two of the eight recommendations. As such, those two recommendations have been closed by OIG without action from DNFSB and will be identified in OIG correspondence with Congress.

Completed Actions

- The Board has held three public hearings with DOE concerning DOE Order 140.1, which restricts the Board's access to information, and scope of its technical authority.
- DNFSB held a series of public meetings in December 2018, and January, February and April 2019, to review the recommendations from the IACS report.

Ongoing Actions

- DNFSB's Chairman noted that DNFSB is working diligently to develop a path forward to implement most of the recommendations for the *Audit of DNFSB's Issue and Commitment Tracking System (IACS)*.
- The Board is continuing to communicate with Congress its disagreement with DOE Order 140.1, which restricts the Board's access to information, meeting and scope of its technical oversight authority.



Looking Ahead: OIG plans to audit DNFSB's work planning processes during the 4th quarter of FY 2020.

Please Contact:

E-mail: [Online Form](#)

Telephone: 1-800-233-3497

TDD 1-800-270-2787

Address: U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program
Mail Stop O5-E13
11555 Rockville Pike
Rockville, MD 20852

COMMENTS AND SUGGESTIONS

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits please e-mail using this [link](#). Comments, suggestions, and requests can also be mailed to the attention of the Assistant Inspector General for Audits at the address listed above.