



Semiannual Report to Congress

October 1, 2024 — March 31, 2025

***Promoting economy, efficiency,
and effectiveness***



VISION

Advancing nuclear safety and security through audits, evaluations, and investigations.

MISSION

Providing independent, objective audit and investigative oversight of the operations of the U.S. Nuclear Regulatory Commission and the Defense Nuclear Facilities Safety Board, to protect people and the environment.



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nrcoig.oversight.gov.

A MESSAGE FROM THE INSPECTOR GENERAL

On behalf of the Office of the Inspector General (OIG), U.S. Nuclear Regulatory Commission (NRC) and Defense Nuclear Facilities Safety Board (DNFSB), it is my pleasure to present this Semiannual Report to Congress, covering the period from October 1, 2024, to March 31, 2025. For five years, I have had the opportunity to lead this extraordinary group of managers, auditors, evaluators, special agents, investigators, and support staff, and I am extremely proud of their exceptional work.



As the United States unleashes its energy dominance, nuclear is at the forefront. Indeed, major corporations across the country are embracing the nuclear sector, with its many recent innovations in technology. As the NRC continues to enable and regulate the safe and secure deployment and use of civilian nuclear energy, and the DNFSB identifies the nature and consequences of potential threats to public health and safety involving the U.S. Department of Energy's defense nuclear facilities, our talented and responsive OIG team will continue our robust oversight of both agencies to ensure safe and efficient agency programs that serve the public interest.

We are proud to report significant cost-savings accomplishments this period, including \$47,791 in questioned costs from audit recommendations and a \$350,000 false claims settlement from one of our investigative cases. In addition, we issued 10 audit and evaluation reports and recommended several ways to improve NRC and DNFSB safety, security, and corporate support programs. We also opened 50 NRC and DNFSB investigative cases, completed 32 investigations, and referred 25 cases to NRC and DNFSB management for action or awareness.

Our reports are intended to strengthen the NRC's and the DNFSB's oversight of their myriad endeavors and reflect the legislative mandate of the Inspector General Act, which is to identify and prevent fraud, waste, abuse, and mismanagement. The summaries herein showcase the variety of work our auditors and investigators have accomplished during this reporting period, dedicating their efforts to promoting the integrity, efficiency, and effectiveness of NRC and DNFSB programs and operations. I greatly appreciate their commitment to that mission.

Our success would not be possible without the collaborative efforts of my staff, the NRC, and the DNFSB to address OIG findings and implement corrective actions promptly. I thank both my staff and agency staff for their dedication, and I look forward to continued cooperation to ensure the integrity and efficiency of the agencies' operations.

Robert J. Feitel
Inspector General

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AUDITS AND EVALUATIONS HIGHLIGHTS



**Reports
Issued**

7

**Recommendations
Made**

23

**Recommendations
Closed this Period**

27

Audit topics covered in this report:

- Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region III: Naperville, Illinois (see page 12)
- Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region IV: Arlington, Texas (see page 12);
- Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Technical Training Center: Chattanooga, Tennessee (see page 13);
- Audit of the U.S. Nuclear Regulatory Commission's Recruiting and Retention Activities (see page 13);
- Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2024 Financial Statements (see page 14);
- Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program (see page 15); and,
- The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2025 (see page 16).

**Questioned/Unsupported
Costs**
\$47,791



**Reports
Issued**

3

**Recommendations
Made**

4

**Recommendations
Closed this Period**

8

Audit topics covered in this report:

- Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2024 Financial Statements (see page 28);
- Evaluation of the Defense Nuclear Facilities Safety Board's Use of Anti-gag Clauses in Nondisclosure Agreements (see page 29); and,
- The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2025 (see page 30).

INVESTIGATIVE HIGHLIGHTS



**Investigations
Opened**

44

**Investigations
Completed**

30

**Active
Investigations**

24

Investigations covered in this report:

- Small Entity Reduced Annual Fee Program Fraud (see page 19);
- Misuse of Government Travel Charge Cards (see page 20);
- Prohibited Securities Violations by U.S. Nuclear Regulatory Commission Employees (see page 21);
- U.S. Nuclear Regulatory Commission Senior Executive Service Managers Failed to Provide Advance Notice of Meetings with External Stakeholders (see page 21);
- Inconsistent U.S. Nuclear Regulatory Commission Guidance Regarding Resident Inspector Tour Assignments and Objectivity (see page 23); and,
- Insufficient Inspection Report Guidance Results in Inconsistent Information to the Public (see page 24).



**Investigations
Opened**

6

**Investigations
Completed**

2

**Active
Investigations**

4

Investigations covered in this report:

- Alleged Misuse of a Security Database by a Defense Nuclear Facilities Safety Board Employee (see page 32); and,
- Time and Attendance Fraud by a Defense Nuclear Facilities Safety Board Contractor Employee (see page 33).

HISTORY, MISSION, AND GOALS

OIG History

In the 1970s, government scandals, oil shortages, and stories of corruption covered by the media took a toll on the American public's faith in its government. The U.S. Congress knew it had to take action to restore the public's trust. It had to increase oversight of federal programs and operations. It had to create a mechanism to evaluate the effectiveness of government programs. It also had to provide an independent voice for economy, efficiency, and effectiveness within the federal government that would earn and maintain the trust of the American people.

In response, Congress passed the landmark legislation known as the Inspector General (IG) Act, which President Jimmy Carter signed into law in 1978. The [IG Act](#) created independent IGs, who would protect the integrity of government; improve program efficiency and effectiveness; prevent and detect fraud, waste, and abuse in federal agencies; and, keep agency heads, Congress, and the American people currently informed of their findings.

Today, the IG concept is a proven success. IGs continue to deliver significant benefits, and thanks to IG audits, evaluations, and investigations, billions of dollars have been returned to the federal government or have been better spent based on recommendations identified in IG reports. IG investigations have also contributed to ensuring that thousands of wrongdoers are held accountable for their actions. The IG concept and its principles of good governance, accountability, and monetary recovery have been adopted by foreign governments as well, contributing to improved governance in many nations.

U.S. Nuclear Regulatory Commission OIG

In accordance with the 1988 amendments to the Inspector General Act of 1978, the NRC's OIG was established on April 15, 1989, as an independent and objective unit to conduct and supervise audits, evaluations, and investigations relating to the NRC's programs and operations. The purpose of the OIG's audits, evaluations, and investigations is to prevent and detect fraud, waste, abuse, and mismanagement, and promote economy, efficiency, and effectiveness, in NRC programs and operations. In addition, the OIG reviews existing and proposed regulations, legislation, and directives, and comments on any significant concerns.



The NRC's mission is to protect public health and safety and advance the nation's common defense and security by enabling the safe and secure use and deployment of civilian nuclear energy technologies and radioactive materials through efficient and reliable licensing, oversight, and regulation for the benefit of society and the environment. The NRC's vision is to carry out this mission as a trusted, independent, transparent, and effective nuclear regulator, consistent with the NRC's Principles of Good Regulation.

Defense Nuclear Facilities Safety Board OIG

Congress created the DNFSB as an independent agency within the executive branch to identify the nature and consequences of potential threats to public health and safety involving the U.S. Department of Energy's (DOE) defense nuclear facilities, to elevate such issues to the highest levels of authority, and to inform the public. The DNFSB is the only independent technical oversight body for the nation's defense nuclear facilities. The DNFSB is composed of experts in the field of nuclear safety with demonstrated competence and knowledge relevant to the agency's oversight functions.



The Consolidated Appropriations Act of 2014 authorized the Inspector General of the NRC to exercise the same authorities with respect to the DNFSB as the Inspector General exercises under the Inspector General Act of 1978 (5 U.S.C. §§ 401–424) with respect to the NRC.

OIG Mission and Goals

The OIG is committed to ensuring the integrity of NRC and DNFSB programs and operations. Developing an effective planning strategy is a critical aspect of meeting this commitment. Such planning ensures that audit, evaluation, and investigative resources are used effectively. To that end, the OIG developed a Strategic Plan that includes the major challenges and critical risk areas facing the NRC. The plan identifies the OIG's priorities and establishes a shared set of expectations regarding the OIG's goals and the strategies it will employ to achieve them. The OIG's most recent Strategic Plan for the NRC features three goals, which generally align with the NRC's mission and goals:

- Strengthen the NRC's efforts to protect public health and safety, and the environment;
- Strengthen the NRC's security efforts in response to an evolving threat environment; and,
- Increase the economy, efficiency, and effectiveness with which the NRC manages and exercises stewardship over its resources.



PROGRAMS AND ACTIVITIES

Audits and Evaluations Program

The OIG Audits and Evaluations Program focuses on NRC and DNFSB management and financial operations, the economy or efficiency with which the agencies manage their programs or functions, and whether these programs achieve the intended results. OIG auditors assess the degree to which the NRC and the DNFSB comply with laws, regulations, and internal policies in carrying out their programs. OIG auditors also test program effectiveness and the accuracy and reliability of financial statements. The overall objective of an engagement is to identify ways to enhance agency operations and promote greater economy and efficiency. Engagements comprise four phases:

- **Survey** – An initial phase of the engagement process is gathering information on the agency’s organization, programs, activities, and functions. An assessment of vulnerable areas determines whether further review is needed.
- **Fieldwork** – Auditors gather detailed information to develop and support findings, conclusions, and recommendations.
- **Reporting** – The auditors present the information, findings, conclusions, and recommendations supported by the evidence gathered during the survey and fieldwork phases. The auditors hold exit conferences with management officials to obtain their views on issues in the draft report and present those comments in the published report, as appropriate. The published reports of OIG engagements include formal written comments in their entirety as an appendix.
- **Resolution** – A positive change results from the resolution process in which management takes action to improve operations based on the recommendations in the OIG’s published report. Management actions are monitored until final action is taken on all recommendations. When management and the OIG cannot agree on the actions needed to correct a problem identified in an audit or evaluation report, the issue can be referred to the NRC Chairman or DNFSB Chairman for resolution.

Each October, the OIG issues an [*Annual Plan*](#) summarizing the audits and evaluations planned for the coming fiscal year. Unanticipated high-priority issues may also arise that generate engagements not listed in the *Annual Plan*.

OIG audit and evaluation staff monitor specific issue areas to strengthen the OIG’s internal coordination and overall planning process. Under the OIG Issue Area Monitoring (IAM) program, staff designated for IAM are assigned responsibility for keeping abreast of major agency programs and activities. The broad IAM areas address nuclear reactors, nuclear materials, nuclear waste, international programs, security, information management, and financial management and administrative programs.

Investigative Program

The OIG's responsibility for detecting and preventing fraud, waste, and abuse within the NRC and the DNFSB includes investigating possible violations of criminal statutes relating to agency programs and activities, investigating misconduct by employees and contractors, interfacing with the U.S. Department of Justice on OIG-related criminal and civil matters, and coordinating investigations and other OIG initiatives with federal, state, and local investigative agencies and other OIGs.

Investigations may be initiated as a result of allegations or referrals from private citizens; licensee employees; government employees; Congress; other federal, state, and local law enforcement agencies; OIG audits; the OIG Hotline; and, OIG initiatives directed at areas having a high potential for fraud, waste, and abuse.

Because the NRC's and DNFSB's missions involve protecting the health and safety of the public, the OIG's Investigative Program directs much of its resources to investigating allegations of NRC or DNFSB staff conduct that could adversely impact matters related to health and safety. These investigations may address allegations of:

- Misconduct by high-ranking and other agency officials, such as managers and inspectors, whose positions directly impact public health and safety;
- Failure by agency management to ensure that health and safety matters are appropriately addressed;
- Failure by the NRC or DNFSB to provide sufficient information to the public and to seek and consider the public's input openly during the regulatory process;
- Conflicts of interest involving agency employees, including such matters as promises of future employment for favorable regulatory treatment and the acceptance of gratuities; and,
- Fraud in the agencies' procurement programs involving contractors violating government contracting laws and rules.

The OIG has also implemented a series of proactive initiatives designed to identify specific high-risk areas that are most vulnerable to fraud, waste, and abuse. A primary focus of these initiatives is moderating cybersecurity risks in the business environment. The OIG is committed to improving the security of the constantly changing electronic business environment by investigating unauthorized intrusions and computer-related fraud, and by conducting computer forensic examinations. The OIG also engages in proactive initiatives focused on determining instances of procurement fraud, theft of property, government credit card abuse, and fraud in other federal programs.

OIG General Counsel Regulatory Review

Under Section 4(a) of the Inspector General Act, codified at 5 U.S.C. § 404(a), the OIG reviews existing and proposed legislation, regulations, and policies, as well as the implementation of NRC Management Directives and DNFSB Directives. The OIG then provides input to the agencies regarding how the rules, policies, or directives may affect the economy and efficiency of agency programs and operations.

Regulatory review is intended to help the agencies avoid implementing potentially flawed regulations or policies. The OIG does not concur or object to agency actions reflected in the regulatory documents, but rather offers comments.

Comments provided in the regulatory review process reflect the OIG's objective analysis of the language of proposed regulations, directives, and policies. The OIG's review is structured to identify vulnerabilities and offer additional or alternative choices. As part of its reviews, the OIG focuses on ensuring that agency policies and procedures do not negatively affect the OIG's operations or independence.

From October 1, 2024, to March 31, 2025, the OIG reviewed a variety of regulatory documents. In its reviews, the OIG remained cognizant of how the proposed rules or policies could affect its functioning or independence. The OIG also considered whether the rules or policies could significantly affect NRC or DNFSB operations or be of high interest to NRC or DNFSB staff and stakeholders. In conducting its reviews, the OIG applied its knowledge and awareness of underlying trends and overarching developments at the agencies and in the areas they regulate.

For the period covered by this Semiannual Report to Congress, the OIG did not identify any issues that would significantly compromise its independence or conflict with its audit or investigative functions. The OIG did identify certain proposed agency policies that might affect, to some extent, the work of the OIG. In these cases, the OIG proposed edits or changes that would mitigate the impacts and requested responses from the staff.

Agency staff either accepted the OIG's proposals or offered a well-supported explanation as to why the proposed changes were not accepted. These reviews are described in further detail below.

NRC Management Directives

Management Directive (MD) 5.13, *NRC International Activities, Practices, and Procedures*, provides guidance for international travel and other activities that support the agency's policy objectives. The NRC revised MD 5.13 to clarify how the agency will implement certain obligations under treaties, assist regulatory counterparts in other nations, and demonstrate leadership on international issues. The OIG provided comments to the NRC explaining that, given the OIG's independence and statutory role, the office should be excluded from the MD's coverage. For example, while the MD requires NRC offices to plan their international travel to align with the goals of the

NRC's international programs, the OIG's goals involve oversight, not implementation, of the NRC's programs, and thus the OIG's goals cannot be aligned with the agency's goals.

MD 7.5, *Ethics Counseling and Training*, explains how the NRC provides training to its employees, in accordance with Office of Government Ethics (OGE) regulations, to assist in the identification of ethics issues and to ensure compliance with applicable laws and regulations. The NRC revised this MD to reflect updates to OGE regulations and align the MD with changes to the agency's web-based support systems. The OIG recommended changes to better align the MD's language with the terminology in OGE's regulations, clarify which employees are covered by certain guidance, and identify which NRC officials can direct employees to take additional ethics training.

MD 10.101, *Employee Grievances*, sets forth the administrative grievance procedures for NRC employees. The NRC revised the MD to update organizational titles and responsibilities, as well as incorporate changes to agency policy and program guidance. The OIG recommended clarifying that the MD does not apply to OIG employees, who are covered by an OIG-specific grievance procedure that, while consistent with the NRC's procedure, accounts for the OIG's independence and unique organizational structure.

The NRC proposed revisions to its Freedom of Information Act (FOIA) regulations (10 Code of Federal Regulations (C.F.R.) Part 9, Subpart A, *Freedom of Information Act Regulations*) to address guidance from the National Archives and Records Administration's Office of Government Information Services, which advises federal agencies on FOIA matters, and to incorporate the U.S. Department of Justice's model language for FOIA regulations. The OIG recommended changes in the proposed regulations to better align them with the language of FOIA itself, to clarify the responsibilities of NRC officials, and to better explain the relationship between the agency's FOIA regulations and its Privacy Act regulations in 10 C.F.R. Part 9, Subpart B.

The OIG also reviewed the following MDs during the period covered by this Semiannual Report: MD 3.13, *Reproduction and Distribution*; MD 3.55, *Forms Management*; MD 6.9, *Performance Management*; MD 6.10, *Strategic Planning*; MD 9.27, *Organization and Functions of the Office of Nuclear Reactor Regulation*; MD 10.161, *Civil Rights Program*; and, MD 11.4, *NRC Small Business Program*. While the OIG provided editorial or formatting suggestions for some of these directives, we had no substantive comments on them.

DNFSB Directives

Directive Number D-3XX (Directive number pending), *Suitability and Fitness Determinations*, provides criteria for managing suitability adjudications and procedures for conducting fitness determinations for certain DNFSB employees. The OIG recommended adding language to the Directive stating that the DNFSB will notify the OIG promptly when, during a suitability determination, the DNFSB discovers negative information involving potential administrative misconduct or criminal activity.

Directive Number D-301.2, *Information Security Directive*, establishes the DNFSB's policy regarding control and protection of classified information. The OIG recommended adding language to this Directive addressing, or at least incorporating by reference, the responsibilities of the agency's Executive Director of Operations that are listed in the Directive's associated operating procedure. The OIG also recommended that the DNFSB verify the operating procedure, or other agency guidance, addressing recent changes to the Federal Travel Regulation involving premium economy travel, including those summarized in the General Services Administration's Bulletin FTR 23-07 (Aug. 21, 2023).

Directive Number, D-401.1, *Acceptable Use of Information Technology Resources*, sets forth the DNFSB's policy regarding employee and contractor use of information technology resources in an effective, efficient, ethical, and lawful manner. The OIG recommended revising language in the Directive to more specifically reference applicable rules, cross-reference applicable sections of the Directive, and clarify important terms.

The OIG also reviewed the following DNFSB Directives during the period covered by this Semiannual Report: D-121.1, *Staffing and Hiring for Scientific and Technical Personnel*; D-21.2, *Consistency Within the Directives Program*; and, the as-yet-unnumbered Directive *Special Hiring Authority*. While the OIG provided editorial or formatting suggestions for these Directives, we had no substantive comments on them.

Other OIG Activities

On January 13, 2025, the U.S. Attorney for the District of Maryland and Inspector General Feitel announced a \$350,000 settlement resulting from the OIG's investigation of allegations that a radiopharmaceutical company and its subsidiaries violated the False Claims Act by obtaining NRC fee reductions. Consistent with the False Claims Act, a substantial portion of the settlement amount will be paid to the agency to compensate it for lost annual fees. See more on page 19.



**U.S. Nuclear Regulatory Commission
Management and Performance Challenges
and Audit, Evaluation,
and Investigative Summaries**

NRC MANAGEMENT AND PERFORMANCE CHALLENGES

The following were the most serious management and performance challenges facing the NRC in fiscal year (FY) 2025[†] as identified by the Inspector General:

- Challenge 1:** Implementing applicable provisions of the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy Act of 2024 (ADVANCE Act);
- Challenge 2:** Ensuring safety and security through risk-informed regulation of nuclear technologies and well-supported decisions regarding the restart of power plants in decommissioning;
- Challenge 3:** Overseeing the decommissioning process and the management of decommissioning trust funds;
- Challenge 4:** Ensuring the effective protection of information technology and data;
- Challenge 5:** Recruiting and retaining a skilled workforce;
- Challenge 6:** Overseeing the safe and secure use of nuclear materials and the storage and disposal of waste;
- Challenge 7:** Enhancing financial efficiency and resource management;
- Challenge 8:** Planning for and assessing the impact of artificial intelligence on nuclear safety and security programs; and,
- Challenge 9:** Promoting ethical conduct within the agency and protecting regulatory integrity.

By addressing these challenges, the NRC will strengthen its mission execution, achieve its strategic goals, and maintain a high standard of accountability for its resources.

[†] For more information on these challenges, see [OIG-NRC-25-M-01](#), *The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2025*.

* Management and Performance Challenges in the subsequent summaries noted with an asterisk are based on [FY 2024 Management and Performance Challenges](#).

AUDITS AND EVALUATIONS DIVISION

Summaries—NRC

Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region III: Naperville, Illinois

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich CPA LLC (Sikich) to conduct this performance audit. The objective was to assess the effectiveness of the information security policies, procedures, and practices of the NRC Region III facility.

Audit Results

Based on its assessment period from March 2024 through October 2024, Sikich found there were weaknesses in Region III's information security program and practices. Specifically, Sikich found that although the NRC generally implemented effective information security policies, procedures, and practices for Region III, the agency's implementation of a subset of selected controls was not fully effective.

Addresses Management and Performance Challenge #4

Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region IV: Arlington, Texas

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich to conduct this performance audit. The audit objective was to assess the effectiveness of the information security policies, procedures, and practices of the NRC Region IV facility.

Audit Results

Based on its assessment period from March 2024 through October 2024, Sikich found there were weaknesses in Region IV's information security program and practices. Specifically, Sikich found that although the NRC generally implemented effective information security policies, procedures, and practices for Region IV, the agency's implementation of a subset of selected controls was not fully effective. This report made two recommendations to assist Region IV in strengthening its information security program.

Addresses Management and Performance Challenge #4*

Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Technical Training Center: Chattanooga, Tennessee

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich to conduct this performance audit. Sikich is responsible for the findings and conclusions presented in this report. The OIG is responsible for overseeing the contractor's work in accordance with generally accepted U.S. government auditing standards. The objective was to assess the effectiveness of the information security policies, procedures, and practices at the NRC's Technical Training Center (TTC).

Audit Results

Based on its assessment period from March 2024 through October 2024, Sikich found there were weaknesses in the TTC's information security program and practices. Specifically, Sikich found that although the NRC generally implemented effective information security policies, procedures, and practices for the TTC, the agency's implementation of a subset of selected controls was not fully effective. This report made six recommendations to assist the TTC in strengthening its information security program.

Addresses Management and Performance Challenge #4*

Audit of the U.S. Nuclear Regulatory Commission's Recruiting and Retention Activities

OIG Strategic Goal: Corporate Support

Recruitment and retention are critical because one-third of the NRC's staff is retirement-eligible. In preparation for the predicted influx of new reactor licensing requests, the NRC aimed to hire 400 new employees in FY 2023. This hiring goal was instituted to meet an anticipated increase in staffing requirements arising out of, in part, many years of limited hiring due to budget restrictions. The Office of the Chief Human Capital Officer (OCHCO) is primarily tasked with recruitment and retention activities. The audit objective was to assess the NRC's effectiveness in recruiting and retaining staff to address critical skills shortfalls.

The OIG determined that the NRC has been effective at retaining staff to address critical skills shortfalls; however, staff recruitment could be improved. The OIG determined the NRC's retention activities were effective through a review of the Federal Employee Viewpoint Survey results, resident inspector surveys, and surveys of employees leaving the NRC who provided input into the Recruitment Activity Tracking System. Additionally, the NRC has maintained attrition rates at or below the federal government rate of 7 to 9 percent. However, the OIG identified problems related to recruitment data and time-to-hire performance.

Audit Results

NRC management should use quality information to achieve the agency's goals. The OIG determined, however, that information in the agency's Workforce Transformation Tracking System (WTTS) is incomplete and unreliable because OCHCO staff lacked appropriate guidance for maintaining WTTS data reliability. As a result, OCHCO management cannot make effective hiring decisions based on incomplete and unreliable data.

In addition, the NRC needs to improve its hiring timeliness to align with Office of Personnel Management (OPM) standards. The OPM's time-to-hire metric for federal agencies is 80 days. During FY 2023, the NRC took an average of 148 days to hire because human resource specialists lack sufficient supporting personnel and must navigate a cumbersome hiring process. Longer hiring times mean NRC vacancies are open longer and the agency risks losing applicants to other offers. This report made five recommendations for improving WTTS data and the NRC's time-to-hire performance.

Addresses Management and Performance Challenge #5*

Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2024 Financial Statements

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich to conduct this financial statement audit of the NRC. The NRC's financial statements consist of the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net cost, consolidated statement of changes in net position, combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements). The audit objectives were to express opinions on the agency's financial statements and internal controls, review compliance with applicable laws and regulations, and review controls in the NRC's computer systems that are significant to the financial statements.

Audit Results

Sikich opined, in accordance with Generally Accepted U.S. Government Auditing Standards, that the financial statements present fairly, in all material respects, the financial position of the NRC as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended.

Sikich also audited the NRC's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Sikich opined that the NRC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under the FMFIA.

Sikich identified deficiencies in the NRC's internal control over financial reporting that the OIG does not consider material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant the attention of NRC management. We have communicated these matters to NRC management and, where appropriate, will report on them separately.

The OIG made no recommendations related to this report.

Addresses Management and Performance Challenge #4*

Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program

OIG Strategic Goal: Corporate Support

The NRC's travel charge card program provides staff with resources to arrange travel and pay official travel expenses. The Government Charge Card Abuse Prevention Act of 2012 requires agency officials to establish and maintain internal controls to ensure the proper, efficient, and effective use of travel charge cards.

The audit objective was to assess whether the NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and payment delinquencies. The OIG identified areas where the NRC should refine its travel charge card procedures and enhance its prevention and detection measures.

During fiscal years 2020 through 2023, the NRC recorded 161,816 travel charge card transactions, totaling \$27 million.

Audit Results

The OIG found that some travel charge card accounts remained open following the employee's separation from the NRC, some accounts' credit limits exceeded policy-defined limits or operational needs, and the NRC does not provide charge card refresher training, which is necessary for reinforcing compliance with policies. Furthermore, some premium class travel authorizations did not have the required supporting documentation or were not properly authorized or justified, resulting in \$47,791 in questioned costs. Finally, the OIG identified travel charge card transactions unrelated to official travel, which we referred to our Investigations Division for further review. This report made nine recommendations to help the NRC prevent and detect travel charge card misuse and payment delinquencies.

Addresses Management and Performance Challenge #7*

Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2025

OIG Strategic Goal: Safety, Security, and Corporate Support

The Reports Consolidation Act of 2001 requires OIGs annually to update their assessments of the most serious management and performance challenges facing the agencies they oversee; OIGs must also report on each agency's progress in addressing those challenges. Congress left the determination and threshold of what constitutes a most serious management and performance challenge to each Inspector General's discretion.

The OIG identified management and performance challenges as those that meet at least one of the following criteria:

- The issue involved an operation critical to the NRC mission or an NRC strategic goal;
- There was a risk of fraud, waste, or abuse of NRC or other government assets;
- The issue involved strategic alliances with other agencies, the OMB, the Administration, Congress, or the public; or,
- The issue involved the risk of the NRC not carrying out a legal or regulatory requirement.

This year, the Inspector General identified nine areas representing challenges the NRC must address to better accomplish its mission. The OIG compiled this list based on its audit, evaluation, and investigative work; general knowledge of the agency's operations; the evaluative reports of others, including the U.S. Government Accountability Office; and, input from NRC management.

Addresses Management and Performance Challenges #1–9

Audits and Evaluations in Progress—NRC

Audit of the U.S. Nuclear Regulatory Commission’s Use of Operating Experience in Emergency Diesel Generator Oversight

OIG Strategic Goal: Safety

The audit objective is to determine whether the NRC effectively uses operating experience information to oversee the emergency diesel generators at nuclear power plants.

Addresses Management and Performance Challenge #1*

Audit of the U.S. Nuclear Regulatory Commission’s Web-Based Licensing System

OIG Strategic Goal: Safety

The audit objective is to determine whether the Web-Based Licensing System effectively manages the NRC’s materials licensing and inspection information and provides for the security, availability, and integrity of the system data.

Addresses Management and Performance Challenge #9*

Audit of the U.S. Nuclear Regulatory Commission’s Technical Qualifications Programs

OIG Strategic Goal: Safety

The audit objective is to determine the adequacy of the NRC’s process to manage, track, and monitor its technical qualification programs.

Addresses Management and Performance Challenge #6*

Audit of the U.S. Nuclear Regulatory Commission’s Management and Oversight of Research and Development Grants

OIG Strategic Goal: Corporate Support

The audit objective is to determine whether the NRC is effectively managing and monitoring selected research and development grants in accordance with applicable federal requirements, agency policies and guidance, and award terms and conditions.

Addresses Management and Performance Challenge #7

The U.S. Nuclear Regulatory Commission's Fiscal Year 2024 Compliance with the Payment Integrity Information Act of 2019

OIG Strategic Goal: Corporate Support

The audit objectives are to assess the NRC's compliance with the Payment Integrity Information Act and report any material weaknesses in internal control.

Addresses Management and Performance Challenge #7

Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2025

OIG Strategic Goal: Corporate Support

The audit objective is to conduct an independent assessment of the NRC's Federal Information Security Modernization Act implementation for FY 2025.

Addresses Management and Performance Challenge #4

Evaluation of the U.S. Nuclear Regulatory Commission's Telework Program

OIG Strategic Goal: Corporate Support

The evaluation objective is to assess the NRC's use and oversight of its telework program and the administration of locality payments for telework employees.

Addresses Management and Performance Challenge #7

INVESTIGATIONS DIVISION

Case Summaries—NRC

Small Entity Reduced Annual Fee Program Fraud

OIG Strategic Goal: Corporate Support

The OIG has statutory responsibility to conduct investigations relating to NRC programs and operations and to detect and prevent fraud.

The NRC is required to recover through fees, to the maximum extent practicable, an amount equal to its annual budget from the entities and individuals to whom the agency provides services. One means by which the NRC performs this “cost recovery” is through the collection of annual fees. The NRC reduces the impact of annual fees on small entities by allowing small entities to pay reduced annual fees, depending on the type of business in which the entities are engaged and based on thresholds, such as the entity and its affiliates’ aggregate number of employees or average gross receipts. Based initially on the OIG’s ongoing, proactive review of the NRC’s small entity reduced annual fee program, and later also based on referrals from the NRC Office of the Chief Financial Officer (OCFO) Fee Billing Team, the OIG has thus far discovered evidence of approximately \$800,000 in fraudulent underpayments to the government.

Between 2011 and 2023, approximately 1,300 entities collectively filed with the NRC more than 10,000 certifications of small entity status. The NRC, relying in part on the veracity of the statements on those certifications, allowed the entities to pay reduced annual fees to receive or maintain various licenses.

The OIG has reviewed more than 40 percent of the entities claiming small-entity status and, so far, has determined that approximately 20 entities did not meet the small-entity standard. The OIG has also coordinated with the U.S. Department of Justice (DOJ) on ten completed investigations involving false statements contained in more than 100 certifications of small entity status. (The OIG’s review of the other entities is ongoing.) In one instance, based on the OIG’s investigation, the NRC and the DOJ reached a settlement agreement with a radiopharmaceutical company to resolve allegations it violated the False Claims Act. Per the settlement agreement, the company paid the government \$350,000, of which \$195,600 constituted restitution.

NRC Response

The NRC is reviewing the OIG’s Reports of Investigation regarding nine other completed cases for potential action under the Administrative False Claims Act. In addition, in response to the OIG’s findings of fraud in the small entity reduced annual fee program, the NRC has made several improvements to the agency’s process for verifying certifications of small entity status. For example, in coordination with the OIG, the OCFO updated its verification checklist with steps for

reviewing the specific criteria necessary to qualify for small entity status under each size standard. The OCFO also worked across the NRC to improve the review process with controls, such as comparing an entity's Web-Based Licensing System program codes against one "master" list of manufacturing program codes. Another improvement involved documenting all OCFO communications with license reviewers regarding manufacturing in a centralized location, to administer the NRC's small-entity program more effectively and detect future fraud more readily.

Addresses Management and Performance Challenge #7

Misuse of Government Travel Charge Cards

OIG Strategic Goal: Corporate Support

Complaint

The Government Charge Card Abuse Prevention Act of 2012 mandates that OIGs conduct periodic audits or reviews of travel charge card programs to analyze the risks of illegal, improper, or erroneous purchases and payments.

Under the Travel and Transportation Reform Act of 1998 and the Federal Travel Regulation, federal employees are generally required to use a government travel charge card to pay for official travel expenses. The NRC travel charge card program provides a financial means for staff to schedule official travel, pay for authorized expenses while on official travel, and be reimbursed for official travel expenses. The OCFO administers the agency's travel charge card program, and U.S. Bank issues the NRC travel charge cards.

In compliance with its statutory obligations, the OIG routinely audits the NRC travel charge card program and regularly coordinates efforts with the OCFO to investigate and correct misuse of NRC travel charge cards. During the past year, once based on an OIG audit and once based on an OCFO referral, the OIG investigated allegations that two NRC employees had misused their NRC travel charge cards. The OIG determined that collectively the two employees had used their NRC travel charge cards to make nearly 600 unauthorized transactions for charges totaling more than \$53,000.

In the first investigation, the employee initiated more than 90 transactions over 4 years, for charges totaling approximately \$27,000, on his NRC travel charge card while not on authorized official travel. In the second investigation, the NRC employee initiated more than 500 transactions over 5 years, for charges totaling approximately \$26,000, on his NRC travel charge card while not on authorized official travel.

The OIG found no evidence in either case that the government incurred pecuniary loss due to the misuse of the NRC travel charge cards. While the employees used their NRC travel charge cards for unauthorized purposes, they also paid the charge card balances with non-government funds as the balances became due.

The OIG is awaiting the agency's response to the OIG's reports on these matters.

Addresses Management and Performance Challenge #9

Prohibited Securities Violations by U.S. Nuclear Regulatory Commission Employees

OIG Strategic Goal: Corporate Support

The OIG has statutory responsibility to investigate NRC operations and to lead and coordinate activities designed to prevent and detect abuse, including abuse of position or authority to benefit a personal financial interest. The OIG also investigates alleged misconduct by NRC employees and management.

Under 5 C.F.R. § 5801.102, *Prohibited Securities*, and MD 7.7, *Prohibited Securities*, the NRC prohibits certain employees from owning security interests issued by certain commercial nuclear entities. As stated in MD 7.7, the NRC established its Prohibited Securities Rule “to ensure public confidence that NRC programs are conducted impartially and objectively.” The NRC publishes an annual list of the entities whose securities NRC employees are generally prohibited from owning. Within the past year, however, the NRC notified the OIG that 11 NRC employees self-reported owning prohibited securities.

The OIG initiated investigations to determine whether any of the 11 employees had participated in NRC matters that, due to the employees’ ownership of prohibited securities, may have presented a conflict of interest. In the completed investigations, the OIG found that the employees violated 5 C.F.R. § 5801.102 and MD 7.7 by owning prohibited securities. However, the OIG found no evidence that the employees participated personally and substantially in particular matters involving the companies whose securities were prohibited or that the employees benefited substantially from ownership of the prohibited securities.

NRC Response

In response to the OIG’s findings, NRC ethics officials directed the employees to divest the prohibited securities, confirmed the employees had divested, and counseled the employees on their obligations under section 5801.102 and MD 7.7 pertaining to prohibited securities.

Addresses Management and Performance Challenge #9

U.S. Nuclear Regulatory Commission Senior Executive Service Managers Failed to Provide Advance Notice of Meetings with External Stakeholders

OIG Strategic Goal: Safety

Complaint

The OIG investigated a complaint that NRC Senior Executive Service managers did not properly document interactions with external nuclear industry stakeholders during the NRC’s high energy arc fault (HEAF) assessment. Allegedly, Senior Executive Service managers discussed ongoing NRC regulatory activities during phone calls and meetings with the external stakeholders, but did not notify the public of these meetings or document the meetings according to agency policy.

Investigative Results

The OIG partially substantiated the allegation that NRC Senior Executive Service managers did not properly document interactions with external stakeholders during the HEAF assessment. The OIG found that the undocumented interactions with external stakeholders influenced a regulatory decision that resulted in additional costs of approximately \$377,000 for the agency.

Pursuant to 42 U.S.C. § 5850, *Unresolved Safety Issues Plan*, the NRC must maintain a plan regarding the analysis of unresolved safety issues relating to nuclear reactors. Accordingly, under the Generic Issues Program, the NRC describes its process to screen, assess, and disposition generic issues. A generic issue is a “well-defined, discrete, radiological safety, security, or environmental (with respect to radiological health and safety) matter of which safety/risk significance has been adequately determined and has been transferred to the appropriate regulatory office for implementation.”

In addition, the NRC may disposition issues—generic or not—that are emergent safety issues through the options described in office instruction LIC-504, *Integrated Risk-Informed Decisionmaking Process for Emergent Issues*. The NRC generally uses the LIC-504 process when (1) new information reveals an unforeseen hazard or a greater potential for a known hazard to occur, such as identification of an issue that may increase risk, or (2) no other NRC process exists for addressing the issue.

HEAF is a type of hazard, modeled in fire probabilistic risk assessments. In 2016, the NRC entered HEAF into the Generic Issues Program; in 2021, the NRC transitioned HEAF to the LIC-504 process.

MD 3.5, *Attendance at NRC Staff Sponsored Meetings*, permits NRC executive managers to hold drop-in meetings, which are non-public meetings requested by external stakeholders for general exchanges of information having no direct, substantive connection to any specific NRC regulatory action or decision. MD 3.5 states that “[i]n general, discussing technical details of any items under review that may influence regulatory decision making is not appropriate” during drop-in meetings with external stakeholders. For meetings to discuss substantive information directly connected to an NRC action or decision, MD 3.5 provides instructions for preparing requisite pre-meeting notifications and developing post-meeting summaries.

The OIG found that in August 2019, while HEAF was in the Generic Issues Program, NRC managers held a drop-in meeting with external stakeholders, during which they discussed technical details of items then in the Program. During the meeting, the external stakeholders requested that the NRC halt its HEAF test experiments. That same day, an NRC manager directed a stoppage. The stoppage resulted in about \$437,000 in expenditures for unusable, incomplete experiments.

The external stakeholders’ request was purportedly due to concern over inadequate experiment test procedures, and the NRC manager agreed with the concerns. Ultimately, however, the NRC rescheduled the canceled experiments and later performed them under essentially the same procedures. The OIG found that to resume and complete the experiments later, the government expended approximately \$377,000 in costs duplicative of those for the canceled experiments.

NRC Response

During the OIG's investigation, and in response to the OIG's "Audit of the U.S. NRC's Drop-In Meeting Policies and Procedures" (OIG-22-A-12), the NRC's Office of the Executive Director for Operations developed and issued a non-public procedure regarding drop-in meetings. The NRC has committed to revising MD 3.5 to incorporate the new procedure.

Addresses Management and Performance Challenge #9

Inconsistent U.S. Nuclear Regulatory Commission Guidance Regarding Resident Inspector Tour Assignments and Objectivity

OIG Strategic Goal: Safety

Complaint

The OIG investigated a complaint alleging that a permanent resident inspector tour assignment violated the NRC's objectivity requirements. Allegedly, an NRC inspector completed a tour as permanent resident inspector at one nuclear facility, worked as an NRC engineer on matters involving the facility's licensee for the next several years, and then accepted a tour as permanent resident inspector at a co-located nuclear facility operated by the same licensee. This continuity of work on matters involving the same licensee, according to the complaint, precluded the inspector from meeting the NRC's standards for objectivity.

Investigative Results

The OIG did not substantiate the allegation that the tour assignment violated NRC policy prioritizing objectivity in tour assignments but found that the NRC's guidance for prioritizing resident inspector objectivity in tour assignments was inconsistent. The OIG noted that inconsistent agency guidance can undermine perceptions of integrity in NRC oversight and, particularly regarding objectivity policies, contribute to the appearance of conflicts of interest involving NRC employees stationed at licensee facilities.

In Inspection Manual Chapter (IMC) 0102, *Oversight and Objectivity of Inspectors and Examiners at Reactor Facilities*, the NRC defines "objectivity" as the extent to which an NRC inspector executes NRC programs in an unbiased manner, impartial—toward or against—a licensee. Traditionally, the NRC has sought to ensure resident inspector objectivity by limiting how long resident inspectors can be assigned to facilities. Under IMC 0102, the maximum resident inspector tour length is 7 years.

In 2024, however, the NRC revised IMC 2515, *Light-Water Reactor Inspection Program—Operations Phase*, to authorize assigning inspectors to the same facility for multiple tours as a permanent resident inspector, depending on such factors as availability of other qualified candidates and senior leadership turnover at the facility. Pursuant to the revisions, senior management may authorize multiple tours even without an intervening assignment. The NRC did not change, however, the standard for objectivity or the 7-year limit on tour length as provided in IMC 0102.

The OIG found that the NRC implemented the revision to IMC 2515 before approving the questioned tour assignment. The OIG also identified that one of the inspector's intervening assignments entailed interactions with the licensee that might have appeared that the inspector was working on licensee matters. The inspector's management considered the IMC 2515 illustrative factors for assigning a resident inspector to a facility for an additional tour, however, and permissibly concluded that, on balance, the factors weighed in favor of the assignment.

The OIG is awaiting the agency's response to the OIG's report on this matter.

Addresses Management and Performance Challenge #5

Insufficient Inspection Report Guidance Results in Inconsistent Information to the Public

OIG Strategic Goal: Corporate Support

Complaint

The OIG investigated a complaint questioning the veracity of a publicly available NRC integrated inspection report for an operating commercial nuclear power plant. The complainant, an external stakeholder, alleged that the report improperly (1) credited two same-system surveillance testing samples occurring on the same date, (2) recorded non-safety-related diesel fire pump capacity checks as a risk- or safety-significant component sample, and (3) stated the inspectors had evaluated the facility's Division 2 emergency diesel generator (EDG) system configuration but listed no "Documents Reviewed" related to the EDG.

Investigative Results

The OIG partially substantiated the allegations, finding that the NRC appropriately completed the inspections the complainant referred to, but the integrated inspection report failed to provide information about the inspection samples at a consistent level of detail. The OIG further found that NRC inspectors agencywide took different approaches to including information about inspection samples in publicly available integrated inspection reports, resulting in agencywide inconsistency in the level of detail the NRC provided to the public regarding support for inspection findings. These inconsistencies within and among reports could cause external stakeholders to perceive a lack of transparency or integrity in NRC reactor oversight.

The OIG found that the NRC observed and categorized, respectively, the two same-system surveillance testing samples and the diesel fire pump capacity checks described in the integrated inspection report, consistent with the agency's risk-informed, performance-based oversight policy.

The OIG confirmed that NRC inspectors performed the EDG review at the location and on the date stated in the report. In contrast to its treatment of references for other system configuration samples, the report listed no supporting documents for the EDG inspection, failing to provide information at a consistent level of detail.

The OIG sampled publicly available integrated inspection reports from across the NRC's four regions and found agencywide inconsistency in the level of detail the NRC provided to the public regarding support for inspection findings. The OIG identified that the inconsistency stemmed from an unclear standard for "critically reviewed" documents and minimal training for inspectors on the requirements under IMC 0611, *Power Reactor Inspection Reports*, for completing the "Documents Reviewed" section of publicly available integrated inspection reports.

The OIG concluded that, without a clearer standard for "critically reviewed" documents or sufficient training on what documents to list under the "Documents Reviewed" section of reports, the NRC's integrated inspection reports within and across the regions will likely continue to provide inconsistent levels of information.

The OIG is awaiting the agency's response to the OIG's report on this matter.

Addresses Management and Performance Challenge #2



**Defense Nuclear Facilities Safety Board
Management and Performance Challenges
and Audit, Evaluation,
and Investigative Summaries**

DNFSB MANAGEMENT AND PERFORMANCE CHALLENGES

The following were the most serious management and performance challenges facing the DNFSB in FY 2025[†] as identified by the Inspector General:

Challenge 1: Ensuring a healthy culture and climate during leadership transitions and reorganizations;

Challenge 2: Managing resources to address critical risks; and,

Challenge 3: Continuing to prioritize the DNFSB's focus on technical oversight and reviews.

[†] For more information on these challenges, see [OIG-DNFSB-25-M-01](#), *The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2025*.

* Management and Performance Challenges in the subsequent summaries noted with an asterisk are based on [FY 2024 Management and Performance Challenges](#).

AUDITS AND EVALUATIONS DIVISION

Summaries—DNFSB

Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2024 Financial Statements

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich to audit the DNFSB's financial statements. Sikich audited the financial statements, comprising the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net cost, consolidated statement of changes in net position, combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements). The audit objectives were to express opinions on the agency's financial statements and internal controls, review compliance with applicable laws and regulations, and review controls in the DNFSB's computer systems that are significant to the financial statements.

Audit Results

Sikich opined that the financial statements present fairly, in all material respects, the financial position of the DNFSB as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, were in accordance with generally accepted U.S. accounting principles. The DNFSB had no reportable noncompliance for FY 2024 with provisions of applicable laws, regulations, contracts, and grant agreements tested.

Sikich also audited the DNFSB's internal control over financial reporting as of September 30, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the FMFIA. Sikich opined that the DNFSB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under the FMFIA.

However, Sikich identified certain deficiencies in the DNFSB's internal control over financial reporting, but did not consider them to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant the attention of DNFSB management. The OIG has, therefore, communicated these matters to DNFSB management and, where appropriate, reported on them separately.

The OIG made no recommendations related to this report.

Addresses Management and Performance Challenge #2*

Evaluation of the Defense Nuclear Facilities Safety Board's Use of Anti-gag Clauses in Nondisclosure Agreements

OIG Strategic Goal: Corporate Support

The anti-gag order provision in the Whistleblower Protection Enhancement Act of 2012 requires all federal agency nondisclosure policies, forms, or agreements to include explicit language from 5 U.S.C. § 2302(b)(13) notifying employees of their rights to report wrongdoing. Under this provision, agencies may not impose nondisclosure agreements (NDAs) or policies without including language informing employees that their statutory right to blow the whistle supersedes the terms and conditions of the NDA or policy. If an agency uses an NDA, the NDA must inform federal employees of their overriding right to communicate with Congress, Inspectors General, and the U.S. Office of Special Counsel. No agency may seek, through an NDA or otherwise, to chill such communications.

In March 2024, Senator Charles E. Grassley (R-IA) requested that all Inspectors General confirm that the agencies they oversee are including “anti-gag” language from the Whistleblower Protection Enhancement Act of 2012 in their NDAs. The evaluation objective was to determine whether the DNFSB’s nondisclosure agreements and policies comply with 5 U.S.C. § 2302(b)(13).

Evaluation Results

The OIG found that the DNFSB’s NDAs complied with 5 U.S.C. § 2302(b)(13) by including anti-gag clauses in the NDAs that were issued between April 2019 and April 2024. However, the OIG reviewed the DNFSB’s internal control environment from 2012 through 2024 and identified that between 2012 and 2019, the DNFSB issued incomplete, ineffective, and inconsistent NDAs. The OIG also found that the DNFSB’s issuance of NDAs was not systematic and lacked transparency, and the DNFSB did not communicate whistleblower protections in a timely manner. This report made four recommendations for the DNFSB’s use and management of NDAs.

Addresses Management and Performance Challenge #1

Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2025

OIG Strategic Goal: Safety, Security, and Corporate Support

The Reports Consolidation Act of 2001 requires OIGs annually to update their assessments of the most serious management and performance challenges facing the agencies they oversee; OIGs must also report on each agency's progress in addressing those challenges. Congress left the determination and threshold of what constitutes a most serious management and performance challenge to each Inspector General's discretion.

The OIG identified management and performance challenges as those that meet at least one of the following criteria:

- The issue involved an operation critical to the DNFSB mission or a DNFSB strategic goal;
- There was a risk of fraud, waste, or abuse of DNFSB or other government assets;
- The issue involved strategic alliances with other agencies, the Office of Management and Budget, the Administration, Congress, or the public; or,
- The issue involved the risk of the DNFSB not carrying out a legal or regulatory requirement.

This year, the Inspector General identified three areas representing challenges the DNFSB must address to better accomplish its mission. The OIG compiled this list based on its audit, evaluation, and investigative work; general knowledge of the agency's operations; the evaluative reports of others, including the U.S. Government Accountability Office; and, input from NRC management.

Addresses Management and Performance Challenges #1–3

Audits in Progress—DNFSB

Audit of the Defense Nuclear Facilities Safety Board’s Drug-Free Workplace Program

OIG Strategic Goal: Safety

The audit objective is to determine whether the DNFSB is effectively managing its Drug-Free Workplace program.

Addresses Management and Performance Challenge #1

Audit of the Defense Nuclear Facilities Safety Board’s Review Agendas

OIG Strategic Goal: Safety

The audit objective is to determine the DNFSB’s effectiveness in developing and applying its review agendas.

Addresses Management and Performance Challenge #1

Defense Nuclear Facilities Safety Board’s Fiscal Year 2024 Compliance with the Payment Integrity Information Act of 2019

OIG Strategic Goal: Corporate Support

The audit objective is to assess the DNFSB’s compliance with the Payment Integrity Information Act and report any material weaknesses in internal control.

Addresses Management and Performance Challenge #2

Audit of the Defense Nuclear Facilities Safety Board’s Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2025

OIG Strategic Goal: Corporate Support

The audit objective is to conduct an independent assessment of the DNFSB’s Federal Information Security Modernization Act of 2014 implementation for FY 2025.

Addresses Management and Performance Challenge #2

INVESTIGATIONS DIVISION

Case Summaries—DNFSB

Alleged Misuse of a Security Database by a Defense Nuclear Facilities Safety Board Employee

OIG Strategic Goal: Security

Complaint

Pursuant to its statutory responsibility to investigate allegations of abuse, which includes the responsibility to investigate alleged misconduct, the OIG investigated a complaint that a DNFSB employee used the employee's position to access personally identifiable information (PII) of other DNFSB employees without a valid reason.

Investigative Results

The OIG did not substantiate the allegation that the DNFSB employee used the employee's position to access PII without a valid reason. The agency used an intergovernmental database to fulfill security functions. Due to a lack of employees with access to the database, the DNFSB authorized the employee access. Records showed that the DNFSB employee had not entered or viewed any individual's PII. Approximately two months later, the DNFSB determined that the agency no longer needed the employee to have access to the database and terminated the access.

DNFSB Response

Having not substantiated the alleged misconduct, the OIG issued a letter to that effect to the employee with a copy to the employee's manager.

Addresses Management and Performance Challenge #1

Time and Attendance Fraud by a Defense Nuclear Facilities Safety Board Contractor Employee

OIG Strategic Goal: Corporate Support

Complaint

The OIG investigated a complaint alleging that an employee of a DNFSB contractor had committed time and attendance fraud. The DNFSB manager responsible for overseeing the work on the contract had been on authorized leave for 6 to 8 weeks. Allegedly, during that time the contractor employee reported to his program manager time and attendance for approximately 70 hours more than he worked.

As the OIG's investigation developed, the OIG identified evidence of possible additional issues related to the contract, including deficient oversight of the contract and insufficient communication among DNFSB staff regarding taskings under the contract.

Investigative Results

The OIG substantiated that the contractor employee committed time and attendance fraud by reporting time and attendance for approximately 70 hours more than he worked. The time and attendance fraud caused a loss to the government of more than \$5,000.

Further, the OIG found that the contractor employee displayed a lack of candor to the federal government when he told DNFSB staff he had been working on tasks assigned to him by other DNFSB employees and claimed he had lost associated work products during the DNFSB's migration to a new virtual private network software. The contractor employee, however, had reported last working on documents earlier than metadata showed he created the documents. In addition, the employee had supposedly saved the documents not to his desktop, but to the cloud storage service the agency used continuously during the software migration.

The OIG also found that a lack of communication between multiple and sometimes concurrent activity managers regarding the contractor employee's assignments, coupled with incorrect interpretations of the contract, led to agency confusion regarding who could task the contractor employee and with what tasks.

DNFSB Response

The OIG is awaiting the DNFSB's response to the findings of this investigation. In the interim, however, the OIG notes that the DNFSB has recovered the lost funds and that the contractor has removed the contractor employee from the contract.

Addresses Management and Performance Challenges #1 and #2



Summary of Accomplishments

AUDITS AND EVALUATIONS DIVISION

NRC

Audits and Evaluations Completed

Report No. Date Issued	Report Title	Open Recommendations as of 03/31/2025	Total Potential Cost Savings
OIG-NRC-25-A-06 03.31.2025	Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region III: Naperville, Illinois	1	0
OIG-NRC-25-A-05 02.04.2025	Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region IV: Arlington, Texas	2	0
OIG-NRC-25-A-04 01.24.2025	Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Technical Training Center: Chattanooga, Tennessee	6	0
OIG-NRC-25-A-03 12.18.2024	Audit of the U.S. Nuclear Regulatory Commission's Recruiting and Retention Activities	5	0
OIG-NRC-25-A-02 11.12.2024	Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2024 Financial Statements	0	0
OIG-NRC-25-A-01 10.28.2024	Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program	5	\$47,791
OIG-NRC-25-M-01 10.24.2024	The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2025	0	0

Contract Audit Reports

The NRC OIG did not have any contract engagements during this reporting period.

NRC Audit and Evaluation Resolution Activities

	Number of Reports	Funds to be Put to Better Use	Questioned/ Unsupported Costs
A. Reports for which no management decision had been made by the commencement of the reporting period	0	0	
B. Reports issued during the reporting period	1	0	\$47,791
C. Reports for which a management decision was made during the reporting period:			
i. Dollar value of disallowed costs	0	0	
ii. Dollar value of costs not disallowed	0	0	
D. Reports for which no management decision had been made by the end of the reporting period	1	0	\$47,791

DNFSB

Audits and Evaluations Completed

Report No. Date Issued	Report Title	Open Recommendations as of 03/31/2025	Total Potential Cost Savings
OIG-DNFSB-25-A-01 12.06.2024	Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2024 Financial Statements	0	0
OIG-DNFSB-25-E-01 10.31.2024	Evaluation of the Defense Nuclear Facilities Safety Board's Use of Anti-gag Clauses in Nondisclosure Agreements	4	0
OIG-DNFSB-25-M-01 10.25.2024	The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2025	0	0

Contract Audit Reports

The OIG did not complete any DNFSB contract audit reports during this reporting period.

DNFSB Audit and Evaluation Resolution Activities

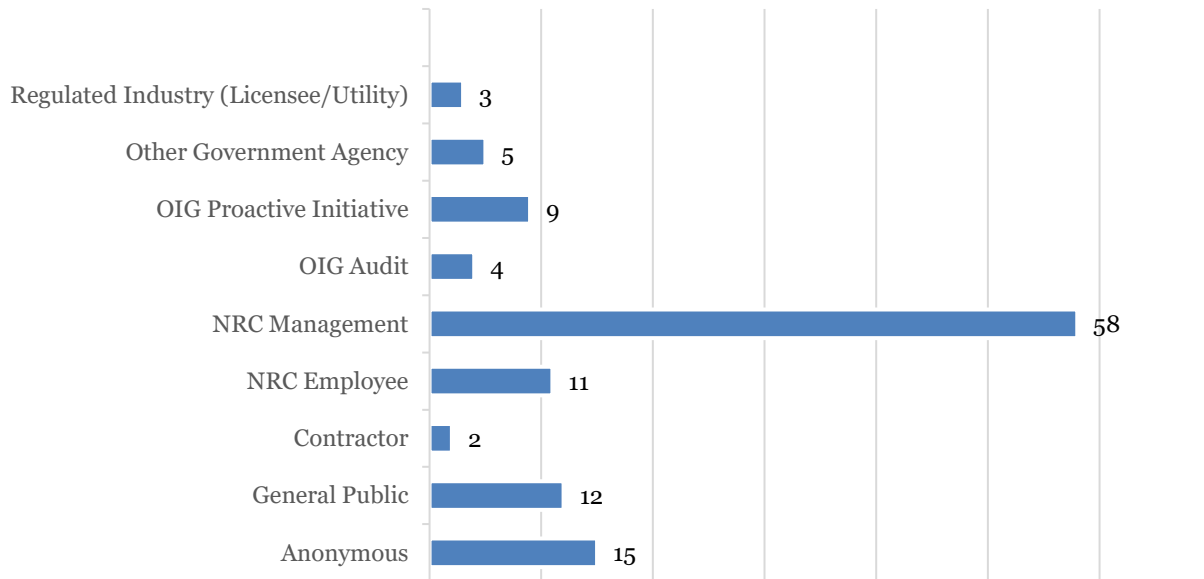
The OIG did not complete any DNFSB audit reports with monetary impact during this reporting period.

INVESTIGATIONS DIVISION

NRC *Complaints Received*

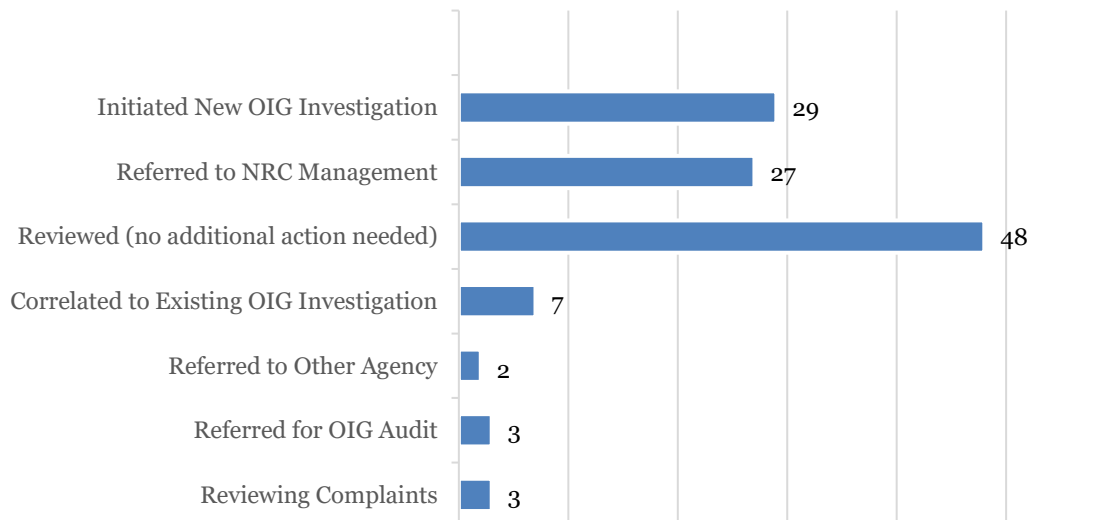
Sources of Complaints

119 complaints received (59 from the OIG Hotline)



Disposition of Complaints

116 complaints dispositioned, 3 under review



Status of Investigations

Federal

DOJ Referrals	12
Accepted.....	0
Declined	11
Pending	1
Criminal Information/Indictments	0
Arrests.....	0
Criminal Conviction	0
Civil Settlement	1
Civil Recovery	\$350,000

State and Local

Referrals	0
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Administrative False Claims Act

Referred	3
Action Taken.....	0
Actions Pending.....	9
Declined	0

NRC Administrative Actions

Review/Change of Agency Process	4
Other (counseling/training).....	9
Retirement/Resignation	0
Pending Agency Action	22
Potential Cost Savings	\$377,000

Summary of Investigations

Classification of Investigations	Opened Cases	Completed Cases	Reports Issued*	Active Cases
Criminal	4	5	5	2
Conflict of Interest	8	5	5	3
Employee Misconduct	13	6	6	7
External Fraud	1	0	0	1
Other	6	5	2	3
Internal Fraud	2	2	2	1
Management Misconduct	0	3	3	0
Proactive Initiative	5	3	0	4
Technical Investigations	5	1	0	3
TOTAL:	44	30	23	24

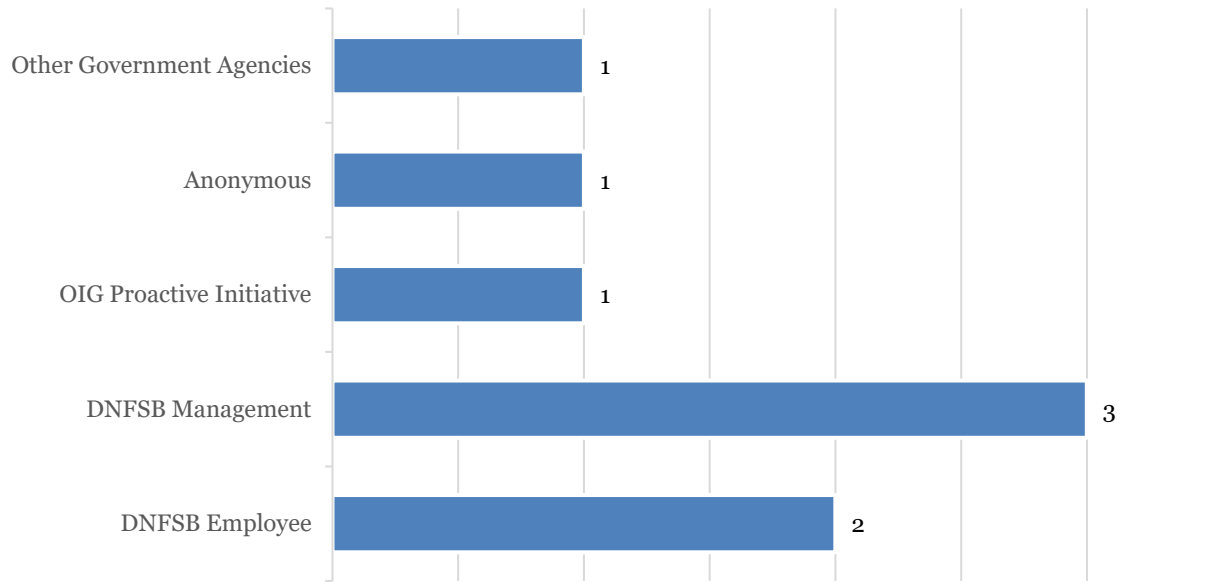
*Number of reports issued represents the number of completed cases for which allegations were substantiated and the results were reported outside of the OIG.

DNFSB

Allegations Received

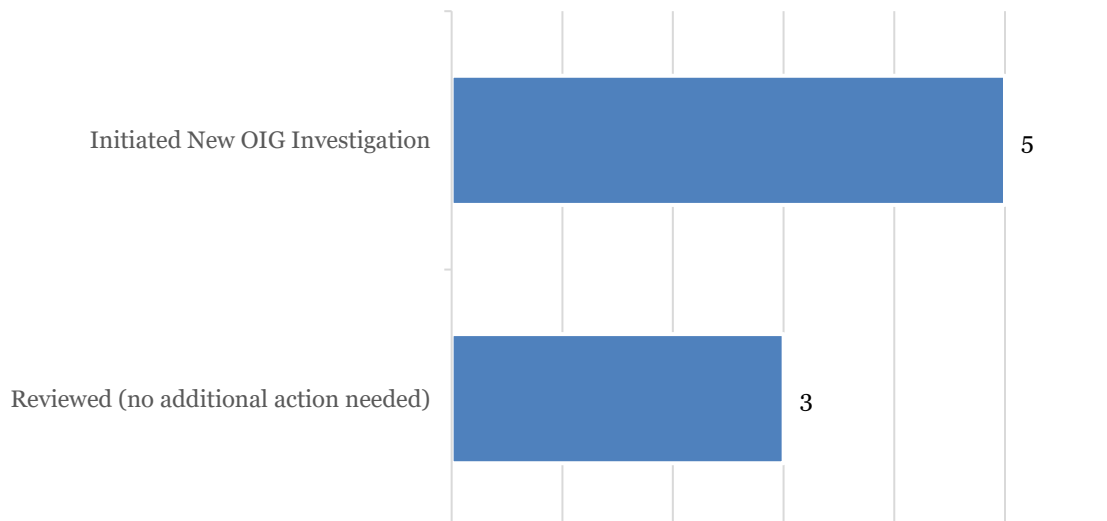
Sources of Allegations

8 complaints received (6 from the OIG Hotline)



Disposition of Complaints

8 complaints dispositioned



Status of Investigations

Federal

DOJ Referrals	1
Accepted.....	0
Declined	1
Pending	0

Administrative False Claims Act

Referred	0
Action Taken.....	0
Actions Pending.....	0
Declined.....	0

State and Local

Referrals.....	0
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DNFSB Administrative Actions

Review/Change of Agency Process	0
Other (counseling/training)	1
Retirements/Resignations	0
Pending Agency Action	2
Potential Cost Savings	0

Summary of Investigations

Classification of Investigations	Opened Cases	Completed Cases	Reports Issued*	Active Cases
Employee Misconduct	4	1	1	3
External Fraud	1	1	1	0
Fraud Proactive Initiative	1	0	0	1
TOTAL:	6	2	2	4

**Number of reports issued represents the number of completed cases for which allegations were substantiated and the results were reported outside of the OIG.*



Unimplemented Audit and Evaluation Recommendations

Unimplemented NRC and DNFSB Recommendations

The following are NRC and DNFSB audit and evaluation reports that have unimplemented OIG recommendations as of March 31, 2025. The OIG continues to work with NRC and DNFSB officials to resolve and close the recommendations. Each link provides a status of all the recommendations for that report, which appear on [Oversight.gov](https://www.oversight.gov) and the [OIG's website](https://oig.dhs.gov).

NRC

[Audit of the NRC's Decommissioning Funds Program \(OIG-16-A-16\)](#)

2 of 9 recommendations open since June 8, 2016

[Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for Fiscal Year 2019 \(OIG-20-A-06\)](#)

2 of 7 recommendations open since April 29, 2020

[Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for Fiscal Year 2020 \(OIG-21-A-05\)](#)

5 of 13 recommendations open since March 19, 2021

[Audit of the NRC's Implementation of the Enterprise Risk Management Process \(OIG-21-A-16\)](#)

7 of 8 recommendations open since September 28, 2021

[Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for Fiscal Year 2021 \(OIG-22-A-04\)](#)

4 of 18 recommendations open since December 20, 2021

[Audit of the NRC's Permanent Change of Station Program \(OIG-22-A-05\)](#)

1 of 4 recommendations open since January 19, 2022

[Audit of the NRC's Strategic Workforce Planning Process \(OIG-22-A-13\)](#)

3 of 3 recommendations open since September 26, 2022

[Audit of the NRC's Implementation of the Federal Information Security Modernization Act \(FISMA\) for Fiscal Year 2022 \(OIG-22-A-14\)](#)

2 of 7 recommendations open since September 29, 2022

[Audit of the U.S. Nuclear Regulatory Commission's \(NRC\) Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 \(OIG-23-A-10\)](#)

2 of 3 recommendations open since August 21, 2023

[Audit of the U.S. Nuclear Regulatory Commission's Security Oversight of Category 1 and Category 2 Quantities of Radioactive Material \(OIG-24-A-06\)](#)

2 of 3 recommendations open since March 25, 2024

[Audit of the U.S. Nuclear Regulatory Commission's \(NRC\) Safety Inspections of Class II Research and Test Reactors \(OIG-24-A-07\)](#)

5 of 7 recommendations open since April 11, 2024

[Evaluation of the U.S. Nuclear Regulatory Commission's Information Technology Asset Management \(OIG-24-E-01\)](#)

6 of 6 recommendations open since July 3, 2024

[Evaluation of the U.S. Nuclear Regulatory Commission's Use of Anti-gag Clauses in Nondisclosure Agreements \(OIG-24-E-02\)](#)

3 of 3 recommendations open since September 20, 2024

[Evaluation of the U.S. Nuclear Regulatory Commission's Policies and Procedures for Emergency Evacuation of Disabled Personnel \(OIG-24-E-03\)](#)

3 of 4 recommendations open since September 27, 2024

[Audit of the U.S. Nuclear Regulatory Commission's Reactor Operator Licensing Examination Process \(OIG-24-A-10\)](#)

1 of 1 recommendation open since September 30, 2024

[Audit of the U.S. NRC's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 \(OIG-24-A-11\)](#)

2 of 4 recommendations open since September 30, 2024

[Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program \(OIG-NRC-25-A-01\)](#)

5 of 9 recommendations open since October 28, 2024

[Audit of the U.S. Nuclear Regulatory Commission's Recruiting and Retention Activities \(OIG-NRC-25-A-03\)](#)

5 of 5 recommendations open since December 18, 2024

[Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Technical Training Center: Chattanooga, Tennessee \(OIG-NRC-25-A-04\)](#)

6 of 6 recommendations open since January 24, 2025

[Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region IV: Arlington, Texas \(OIG-NRC-25-A-05\)](#)

1 of 2 recommendations open since January 24, 2025

[Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 Region III: Naperville, Illinois \(OIG-NRC-25-A-06\)](#)

1 of 1 recommendation open since March 31, 2025

DNFSB

[Audit of the DNFSB's Human Resources Program \(DNFSB-20-A-04\)](#)

4 of 6 recommendations open since January 27, 2020

[Independent Evaluation of the DNFSB's Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for Fiscal Year 2019 \(DNFSB-20-A-05\)](#)

3 of 11 recommendations open since March 31, 2020

[Independent Evaluation of DNFSB's Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for Fiscal Year 2020 \(DNFSB-21-A-04\)](#)

3 of 14 recommendations open since March 25, 2021

[Independent Evaluation of the DNFSB'S Implementation of the Federal Information Security Modernization Act \(FISMA\) of 2014 for FY 2021 \(DNFSB-22-A-04\)](#)

4 of 24 recommendations open since December 21, 2021

[Audit of the Defense Nuclear Facilities Safety Board's Implementation of the Federal Information Security Modernization Act of 2014 \(DNFSB-23-A-04\)](#)

1 of 1 recommendation open since September 29, 2023

[Audit of the Defense Nuclear Facilities Safety Board's Freedom of Information Act Program \(DNFSB-24-A-04\)](#)

7 of 8 recommendations open since August 13, 2024

[Evaluation of the Defense Nuclear Facilities Safety Board's Use of Anti-gag Clauses in Nondisclosure Agreements \(OIG-DNFSB-25-E-01\)](#)

4 of 4 recommendations open since October 31, 2024



Appendix

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended in 1988, specifies reporting requirements for semiannual reports. This index cross-references those requirements to the pages where they are fulfilled in this report.

Citation	Reporting Requirements	Page(s)
Section 4(a)(2)	Review of legislation and regulations	7–8
Section 5(b)(1)	Significant problems, abuses, and deficiencies	12–33
Section 5(b)(2)	Recommendations for corrective action	12–16, 28–30
Section 5(b)(3)	Prior significant recommendations not yet completed	43–45
Section 5(b)(4)	Matters referred to prosecutive authorities	39, 41
Section 5(b)(6)	Listing of audit reports	35, 37
Section 5(b)(6)	Listing of audit reports with questioned costs or funds put to better use	35–36
Section 5(b)(7)	Summary of significant reports	12–33
Section 5(b)(8)	Statistical tables for audit reports — questioned costs	36
Section 5(b)(9)	Statistical tables for audit reports — funds to be put to better use	36
Section 5(b)(10)	Audit reports issued before commencement of the reporting period (a) for which no management decision has been made, (b) which received no management comment within 60 days, and (c) with outstanding, unimplemented recommendations, including aggregate potential costs savings.	N/A
Section 5(b)(11)	Significant revised management decisions	N/A
Section 5(b)(12)	Significant management decisions with which the OIG disagreed	N/A
Section 5(b)(13)	FFMIA Section 804(b) information	N/A
Section 5(b)(14) (15)(16)	Peer review information	48
Section 5(b)(17)	Investigations statistical tables	38–41
Section 5(b)(18)	Description of metrics	N/A
Section 5(b)(19)	Investigations of senior Government employees where misconduct was substantiated	N/A
Section 5(b)(20)	Whistleblower retaliation	N/A
Section 5(b)(21)	Interference with IG independence	N/A
Section 5(b)(22)(A)	Audit or evaluations that were closed and the reports not made public	N/A
Section 5(b)(22)(B)	Investigations involving senior Government employees that were closed and the reports not made public	21, 32

PEER REVIEWS

Audits and Evaluations Division

The U.S. National Science Foundation OIG peer reviewed the OIG's audit and evaluation program in accordance with Government Auditing Standards and Council of the Inspectors General on Integrity and Efficiency (CIGIE) requirements. Peer reviews are rated pass, pass with deficiencies, or fail. In a report dated August 28, 2024, the OIG received the highest external peer review rating of pass.

Investigations Division

The Peace Corps OIG peer reviewed the OIG's investigative program. The final report, dated June 2, 2024, reflected that the OIG's investigative program is in full compliance with the quality standards established by CIGIE and the Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority. These safeguards and procedures provide reasonable assurance of conforming with professional standards in the planning, execution, and reporting of investigations.

HOTLINE PROGRAM

The Hotline Program provides NRC and DNFSB employees, other government employees, licensee/utility employees, contractors, and the public with a confidential means of reporting suspicious activity concerning fraud, waste, abuse, and employee or management misconduct. Mismanagement of agency programs or danger to public health and safety may also be reported. The OIG does not attempt to identify persons contacting the Hotline.

What should be reported?

- Contract and Procurement Irregularities
- Conflicts of Interest
- Theft and Misuse of Property
- Travel Fraud
- Misconduct
- Abuse of Authority
- Misuse of Government Credit Card
- Time and Attendance Abuse
- Misuse of IT Resources
- Program Mismanagement

How do I contact the OIG?



Call the OIG Hotline:

1-800-233-3497

TTY/TDD: 7-1-1, or

1-800-201-7165 7:00 a.m. – 4:00 p.m. (ET)

After hours, please leave a message.



Submit an Online Form:

<https://nrcoig.oversight.gov/oig-hotline>



Write:

U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program,
MS O12-A12
11555 Rockville Pike
Rockville, Maryland 20852-2738