



Semiannual Report to Congress

October 1, 2025 – March 31, 2026





MISSION

Providing independent, objective audit, evaluations, and investigative oversight of the operations of the U.S. Nuclear Regulatory Commission and the Defense Nuclear Facilities Safety Board, to promote integrity, economy, and efficiency.

VISION

Optimize nuclear safety, security, and corporate support oversight through audits, evaluations, and investigations.



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, 2025, to March 31, 2026. I am honored to lead this extraordinary group of managers, auditors, evaluators, special agents, technical advisors, and support staff, and I am extremely proud of their exceptional work.



This year has marked a pivotal moment for nuclear energy, as rapid technological progress in the private sector and enhanced coordination across government position our nation for the expanded and responsible use of clean nuclear power. Within this environment, the NRC's new reform initiative is a critical undertaking, modernizing its regulatory framework, and strengthening operational agility. The OIG continues to ensure that the agency remains a model of regulatory excellence—fully equipped to meet the demands of an evolving nuclear landscape, while upholding the public trust.

As the NRC fulfills its regulatory mandate and the DNFSB evaluates risks at the Department of Energy's defense nuclear facilities, the OIG will continue to provide rigorous, independent oversight to ensure agency programs operate with integrity, accountability, and efficiency in the public interest.

We are pleased to report that despite operating under constrained resources, our office issued 4 NRC and DNFSB audit and evaluation reports, opened 25 investigative cases, completed 12 investigations, and referred 7 cases to NRC and DNFSB management for action or awareness.

Our reports enhance NRC and DNFSB oversight and fulfill the Inspector General Act's mandate to provide leadership and coordination on activities designed to prevent fraud, waste, abuse, and mismanagement. The summaries presented reflect the work completed this period to strengthen the integrity, efficiency, and effectiveness of agency programs and operations.

Our success reflects the coordinated efforts of my staff, the NRC, and the DNFSB in addressing OIG findings and implementing corrective actions. I appreciate their dedication and look forward to continued collaboration to ensure the integrity and efficiency of agency operations.

Robert J. Feitel
Inspector General

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AUDITS AND EVALUATIONS HIGHLIGHTS



**Reports
Issued**

2

**Recommendations
Made**

0

**Recommendations
Closed**

19

Audit and Evaluation topics covered in this report:

- Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2025 Financial Statements (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 2026 (page 16).



**Reports
Issued**

2

**Recommendations
Made**

0

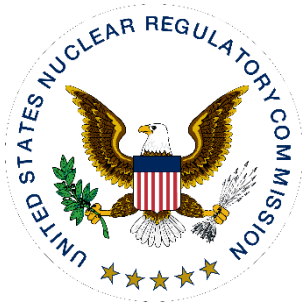
**Recommendations
Closed**

7

Audit and Evaluation topics covered in this report:

- Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2025 Financial Statements (page 28); and,
- The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2026 (page 29).

INVESTIGATIVE HIGHLIGHTS



**Investigations
Opened**

21

**Investigations
Completed**

11

**Active
Investigations**

45

Investigations covered in this report:

- Alleged Departure from Core Damage Frequency Goal with Technical Specifications Amendment (page 19);
- Release of Predecisional Information (page 20);
- Notification of NRC Employee Altering Official Personnel Agreement (page 21);
- Locality Pay Project (page 22);
- Misappropriation of Pandemic Relief Funds (page 23);
- Geofence Laptop Violations (page 24); and,
- Small Entity Reduced Annual Fee Program Fraud: Update (page 25).



**Investigations
Opened**

4

**Investigations
Completed**

1

**Active
Investigations**

4

Investigations covered in this report:

- Undisclosed Secondary Employment (page 31).

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 integrity, economy, and efficiency 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](#) (5 U.S.C. §§ 401–424) 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

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. In accordance with the 1988 amendments to the Inspector General Act of 1978, the NRC 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 to promote integrity, economy, and efficiency, in NRC programs and operations. In addition, the OIG reviews existing and proposed regulations, legislation, and directives, and comments on any significant concerns.

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 U.S. Department of Energy (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 with respect to the NRC.¹



OIG Mission and Goals

The OIG is committed to promoting 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 and the DNFSB. The plan identifies the OIG's priorities and establishes expectations regarding the OIG's goals and the strategies it will employ to achieve them. The OIG's most recent Strategic Plan features three goals, which generally align with the agencies' missions and goals:



- Strengthen the NRC's efforts to protect public health, safety, and the environment and the DNFSB's efforts to oversee the safe operation of DOE defense nuclear facilities;
- Strengthen the agencies' efforts to address evolving security threats; and,
- Increase the economy, efficiency, and effectiveness with which the agencies manage and exercise stewardship over resources.

¹ See also 42 U.S.C. § 2286 k, stating that the NRC Inspector General shall also serve as the DNFSB Inspector General.

PROGRAMS AND ACTIVITIES

Audits and Evaluations Program

The OIG's Audits and Evaluations Program focuses on agency management and financial operations, the economy or efficiency with which the agencies manage their programs and functions, and whether these programs achieve 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, whether it be an audit or evaluation, 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 used to gather information on specific aspects of 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** – Auditors prepare a draft report that presents the information, findings, conclusions, and recommendations supported by the evidence gathered during the survey and fieldwork phases. The auditors hold exit conferences with agency management officials to obtain their views on issues discussed in the draft report. The published reports of OIG engagements include formal written comments in their entirety as an appendix.
- **Resolution** – Agency management acts to improve operations based on the recommendations in the OIG's published report. The OIG monitors agency actions until final action is taken on all recommendations. When agency 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* that summarizes the audits planned for the coming fiscal year. Unanticipated high-priority issues may also arise that generate engagements not listed in the *Annual Plan*. OIG auditors monitor specific issue areas to strengthen the OIG's internal coordination and overall planning process. Under the OIG Issue Area Monitoring (IAM) program, staff members 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 alleged 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 the 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 the 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 into agency systems and computer-related fraud, and by conducting computer forensic examinations. The OIG also engages in proactive initiatives focused on identifying instances of procurement fraud, theft of property, government credit card abuse, and fraud in other federal programs.

Regulatory and Policy Review

Under the Inspector General Act, the OIG reviews existing and proposed legislation, regulations, and policies, as well as the implementation of NRC Management Directives and DNFSB Directives. 5 U.S.C. § 404(a). The OIG then makes recommendations in its Semiannual Reports to Congress concerning the impact of legislation and regulations on the economy and efficiency in the administration of programs and operations administered or financed by the establishment, or the prevention and detection of fraud and abuse in 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 alternative approaches, as warranted. 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, 2025, to March 31, 2026, the OIG reviewed a variety of regulatory documents. In its reviews, the OIG remained cognizant of how the proposed rules or policies could affect the OIG's 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 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 independence or conflict with audit or investigative functions. We did, however, 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 Rulemaking Activity

Executive Order (E.O.) 14300, *Ordering the Reform of the Nuclear Regulatory Commission* (May 23, 2025), directed the NRC to undertake a review and wholesale revision of its regulations and guidance documents. The E.O. also directed the NRC to issue notices of proposed rulemaking effecting this revision within 9 months and issue final rules and guidance within 18 months. The NRC has therefore been engaged in considerable rulemaking activity over approximately the last year. Consistent with the

IG Act at 5 U.S.C. section 404(a)(2), the OIG has been closely tracking this activity, focusing on how any proposed or final rules might affect the administration of NRC programs and operations.

Streamlining Select Rules of Practice and Procedure, 90 Fed. Reg. 54,225 (November 26, 2025) (final rule)

Through this rule the NRC rescinded a limited number of regulations addressing adjudicatory management, formal adjudications, and administrative tort claims. The NRC did not quantitatively assess the cost savings associated with these rescissions, but acknowledged that the savings would be minor. The NRC further stated that it was rescinding one regulatory requirement, at 10 Code of Federal Regulations (C.F.R.) section 2.390(b)(4)(v), which required a statement of substantial competitive harm from any person requesting the NRC withhold trade secrets or confidential commercial or financial information from public disclosure, because it was inconsistent with statutory requirements.

The OIG agrees with the NRC that any cost savings associated with the regulatory rescissions are likely to be minor.

Regarding the rescission of section 2.390(b)(4)(v), the NRC stated that requiring a statement of competitive harm from certain submitters would be inconsistent with the Freedom of Information Act, for reasons set forth in *Food Marketing Institute v. Argus Leader Media*, 588 U.S. 427, 430 (2019). The NRC did not, however, address whether the Atomic Energy Act, which the agency has historically interpreted as enabling it to balance public interest considerations against competitive harm and other factors when deciding whether to grant a withholding request, might provide the NRC with a basis for retaining the competitive-harm requirement.

Additionally, while the NRC rescinded the requirement that a person submitting trade secrets or confidential commercial or financial information address competitive harm, it retained 10 C.F.R. section 2.390(b)(5). Under this provision, before withholding such information from public disclosure, NRC staff must “determine whether the right of the public to be fully apprised as to the bases for and effects of the proposed action outweighs the demonstrated concern for protection of a competitive position.” Accordingly, because an inquiry into competitive harm would appear to still be part of the NRC staff’s inquiry when reviewing certain withholding requests, submitters may choose to voluntarily address this topic in their requests, notwithstanding the rule change.

The Sunset Rule, 91 Fed. Reg. 553 (January 8, 2026) (direct final rule)

In December 2025, the NRC published a direct final rule and companion proposed rule amending its regulations to insert a conditional sunset date into certain regulations. The NRC published the rule in response to E.O. 14270, *Zero-Based Regulatory Budgeting to Unleash American Energy* (April 9, 2025), which directed certain agencies, including the NRC, to insert a sunset date into each of their covered

regulations, to the extent permitted by law. In the direct final rule, the NRC stated that if it received no significant adverse comments, the rule would become effective on January 8, 2026. The NRC did, however, receive certain comments regarding the sunset of 10 C.F.R. section 50.150, “Aircraft impact assessment,” that it determined were significant and adverse. For that reason, the NRC removed the proposed changes to section 50.150 from the direct final rule, deferring its consideration of those comments until a later time. The remainder of the direct final rule became effective as scheduled.²

While sunset regulations without an adequate basis can have an adverse effect on the economy and efficiency in the administration of agency programs, the NRC’s sunset rules contain provisions stating that, if evidence emerges before the sunset date that demonstrates a continued need for a regulation, the agency can extend the sunset date as appropriate. The OIG has not currently identified any regulation in the final rule for which the NRC’s conditional sunset date presents high potential for adverse consequences, but we will continue to monitor the agency’s activities in this area.

Streamlining Contested Adjudications in Licensing Proceedings, 91 Fed. Reg. 10,450 (March 3, 2026) (proposed rule)

The Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy Act of 2024 (ADVANCE Act) requires the NRC to improve timeliness and efficiency in several areas, including its hearing process. As an example, for certain combined license applications the act requires that the NRC complete any necessary public licensing hearings and related processes within two years of docketing the application. Additionally, sections 5(a) and 5(j) of E.O. 14300 direct the NRC to streamline its public hearing process and establish fixed deadlines for its evaluation of specified licensing actions and requests.

To address these requirements, the NRC proposed changes to its adjudicatory rules that would establish deadlines the presiding officer must use in setting hearing schedules. Among other changes, the new rules would revise discovery procedures to reduce disclosure burdens on parties—this includes eliminating the NRC’s obligation to produce a hearing file containing specified information. The new rules would also establish a Standard Record Closure Date, which would generally be the date the presiding officer is expected to enter an initial decision after an evidentiary hearing on the first round of contentions (legal challenges) involving a license application. Additionally, the new rules would establish that new or amended contentions cannot be considered pending until the presiding officer finds there is good cause for submitting the contentions after the prescribed initial filing. Apart from these

² In early April 2026, after the period covered by this semiannual report, the NRC issued a separate final rule, 91 Fed. Reg. 17,757 (April 8, 2026), in which it addressed the comments it had received on the proposed sunset of section 50.150 and ultimately inserted a conditional sunset date for the requirements under that rule.

procedural changes, the new rules would limit representation in adjudicatory proceedings to individuals appearing on their own behalf or attorneys; in other words, the rule would disallow non-attorneys from representing other persons or entities.

The comment period for this proposed rule ended April 2, 2026, just after the end of the period covered by this semiannual report. The NRC received 35 document comments on the proposed rule, some of which provided extensive input. The OIG will monitor this rulemaking to see if the NRC revises the rule based on the comments. Depending on the nature of any final rule, the OIG may revisit this rulemaking in our next semiannual report.

Freedom of Information Act Implementing Regulations, 91 Fed. Reg. 10,939 (March 6, 2026) (final rule)

The NRC initiated this rulemaking in response to a compliance assessment of the NRC Freedom of Information Act (FOIA) program that the National Archives and Records Administration's Office of Government Information Services (OGIS) published in late 2020. In this rulemaking, the NRC sought to address OGIS's recommendations and incorporate the Department of Justice's model language for FOIA regulations, to the extent feasible. Although the rulemaking began in 2024, the Commission later directed NRC staff to include the rulemaking as part of the NRC's comprehensive review and reform of its regulations in accordance with E.O. 14300.

The OIG provided input to the NRC at an early stage of this rulemaking, recommending modest changes in the proposed regulations to better align them with the language of FOIA, clarify the responsibilities of NRC officials, and better explain the relationship between the agency's FOIA regulations and its Privacy Act regulations in 10 C.F.R. Part 9, Subpart B. These recommendations have been incorporated in the final rule.

Fee Schedules; Fee Recovery for Fiscal Year 2026, 91 Fed. Reg. 12,084 (March 12, 2026) (proposed rule)

The NRC annually revises its fee rules in 10 C.F.R. Part 170 (service fees) and Part 171 (annual fees) to account for the agency's fee-recovery obligations under the Independent Offices Appropriation Act (IOAA) and the Nuclear Energy Innovation and Modernization Act (NEIMA). 31 U.S.C. § 9701, 42 U.S.C. § 2215. This year, the NRC's proposed fee rule includes revisions that, consistent with NEIMA and E.O. 14300, establish fixed caps on service fees for requested activities of the Commission that involve the issuance of a final safety evaluation.

The OIG has reviewed the proposed rule and, at a high level, it appears the rule is responsive to the NRC's obligations under the IOAA, NEIMA, and E.O. 14300. The NRC's establishment of fixed caps on certain service fees could present a challenge given the agency's fee-recovery obligations, although the NRC may have various strategies to address this challenge, should it arise.

As in prior years, the fee rule includes a provision, at 10 C.F.R. section 171.16(c), providing that a licensee which qualifies as a small entity and provides the NRC with proper certification may pay a reduced annual fee. Through a combination of its own proactive reviews and referrals from the agency, the OIG continues to identify NRC licensees that have falsely certified small-entity status and thereby improperly paid reduced annual fees or obtained fee refunds. The OIG will continue to work with the NRC and the Department of Justice on investigating fraud or abuse involving the NRC's fee program, making any necessary referrals, and supporting prosecutions and debt-collection efforts.

NRC Management Directives

Management Directive (MD) 3.16, *NRC Announcement Program*, sets forth policies for ensuring effective and timely communication of information to agency employees. The NRC revised this directive to update organizational information, remove references to the agency's discontinued Public Address System, and remove references to the collective bargaining agreement that formerly covered certain NRC employees. The OIG recommended revising a section of the MD addressing legal review of draft announcements to reflect that, for announcements issuing from the OIG, the legal review would typically be conducted by the OIG's legal staff, rather than the NRC's Office of the General Counsel.

MD 12.7, *NRC Safeguards Information Security Program*, establishes procedures to ensure that Safeguards Information (SGI)—information concerning the physical protection of operating power reactors, spent fuel shipments, strategic special nuclear material, and other radioactive material—is protected from unauthorized disclosure. The NRC updated MD 12.7 to reflect agency organizational changes, incorporate changes to the process by which individuals are certified as SGI designators, and provide additional guidance on the process for distributing SGI to reactor vendors. The OIG recommended a change to MD 12.7 to clarify the circumstances under which the OIG will investigate an alleged unauthorized disclosure of SGI. The OIG also recommended a change in the citation to the Inspector General Act to reflect its recodification at title 5 U.S.C. sections 401–424.

During the period covered by this Semiannual Report, the OIG also reviewed proposed revisions to MD 8.1, *Abnormal Occurrence Reporting Procedure*, and MD 9.27, *Organization and Functions, Office of Nuclear Reactor Regulation*. The OIG had no substantive comments on the proposed revisions.

DNFSB Directives

Directive Number D-405.1, *Generative Artificial Intelligence*, is a new directive that establishes DNFSB policies, including safeguards and oversight mechanisms, for the use of generative artificial intelligence to support the DNFSB's mission. The OIG recommended adding language to the directive addressing the responsibilities of the

DNFSB's Office of the General Counsel in the context of artificial intelligence policies. The OIG also recommended adding language clarifying each employee's responsibility for adhering to applicable artificial intelligence policies.

During the period covered by this Semiannual Report, the OIG also reviewed proposed revisions to Directive Numbers D-23.1, *Enterprise Risk Management*; D-111.1, *Equal Employment Opportunity Program*; D-321.1, *Occupational Radiation Exposure Monitoring Program*; and D-630.1, *Nondisclosure Agreements*. The OIG provided editorial or organizational suggestions for several of these directives, but had no significant substantive comments.



**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 FY 2026* as identified by the Inspector General:

- Challenge 1: Reforming and Modernizing Nuclear Regulation while Ensuring Regulatory Integrity;
- Challenge 2: Advancing Policy and Regulatory Approaches for the Reauthorization of Nuclear Plants in Decommissioning Status;
- Challenge 3: Ensuring an Effective Information Security Program and Planning for and Assessing the Impact of Artificial Intelligence;
- Challenge 4: Modernizing Regulatory Frameworks for the Safe Deployment of Advanced Reactors, Small Modular Reactors, and Microreactors; and,
- Challenge 5: Enhancing Financial Efficiency and Resource Management.

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.

*View the full report on the [OIG's website](#).

AUDITS AND EVALUATIONS DIVISION

Summaries—NRC

Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2025 Financial Statements

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich, LLC, a licensed CPA firm, to audit the NRC's basic financial statements for FY 2025, including the consolidated balance sheet, the related consolidated statement of net cost, the consolidated statement of changes in net position, the combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements. Sikich also reviewed the NRC's internal controls over financial reporting as of September 30, 2025. This audit was conducted in accordance with the criteria established under 31 U.S.C. section 3512 (c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA). The audit objective was to determine whether the NRC's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles, whether the NRC has effective internal controls over financial reporting, and whether the NRC complied with certain provisions of laws, regulations, contracts, and grant agreements.

Audit Results

Sikich determined that the financial statements presented fairly, in all material respects, the financial position of the NRC as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with U.S. generally accepted accounting principles. Sikich also determined that the NRC maintained, in all material respects, effective internal controls over financial reporting as of September 30, 2025, based on criteria established under the FMFIA.

For the FY 2025 audit, Sikich identified deficiencies in the NRC's internal controls over financial reporting that are not considered to be material weaknesses or significant deficiencies.³ Nonetheless, these deficiencies warrant NRC management's attention. No recommendations were made in this report.

Relates to NRC Management and Performance Challenge #5

³ A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing normally assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2026

OIG Strategic Goal: Safety, Security, and Corporate Support

The OIG identified the NRC's most serious challenges for FY 2026. These challenges are neither listed in order of priority, nor do they necessarily indicate problems within the agency; rather, they should be considered areas of focus for the NRC's management and staff.

The NRC's leadership provided its own assessment of the key challenges facing the agency in its response to the OIG's request for input in these areas. The OIG considered that input and independently identified the following five clear, specific, and actionable challenges that require the NRC's continued attention:

1. Reforming and modernizing nuclear regulation while ensuring regulatory integrity;
2. Advancing policy and regulatory approaches for the reauthorization of nuclear plants in decommissioning status;
3. Ensuring an effective information security program and planning for and assessing the impact of artificial intelligence;
4. Modernizing regulatory frameworks for the safe deployment of advanced reactors, small modular reactors, and microreactors; and,
5. Enhancing financial efficiency and resource management.

Relates to NRC Management and Performance Challenges #1 through #5

Audits and Evaluations in Progress—NRC

Audit of the U.S. Nuclear Regulatory Commission’s Process for Evaluating Requests to Restart Operations at Nuclear Power Reactors in Decommissioning

OIG Strategic Goal: Safety

The audit objective is to determine the adequacy of the NRC’s process for overseeing the restart of power reactors in decommissioning.

Relates to NRC Management and Performance Challenge #2

Audit of the U.S. Nuclear Regulatory Commission’s Traditional Enforcement Program

OIG Strategic Goal: Safety

The audit objective is to determine whether the NRC has adequate processes in place to manage its Traditional Enforcement Program.

Relates to NRC Management and Performance Challenge #1

Audit of the U.S. Nuclear Regulatory Commission’s Oversight of Cybersecurity Inspection Programs at Operating Nuclear Power Plants

OIG Strategic Goal: Security

The audit objective is to determine whether the NRC’s cybersecurity inspection program is robust and adaptive to evolving cyber threats.

Relates to NRC Management and Performance Challenge #3

Audit of the U.S. Nuclear Regulatory Commission’s Fiscal Year 2025 Compliance with the Payment Integrity Information Act of 2019

OIG Strategic Goal: Corporate Support

The audit objective is to assess the NRC’s compliance with the Payment Integrity Information Act of 2019 and to report any material weaknesses in internal control.

Relates to NRC Management and Performance Challenge #5

Audit of the U.S. Nuclear Regulatory Commission's Recruitment, Relocation, and Retention Incentives

OIG Strategic Goal: Corporate Support

The audit objective is to assess the NRC's administration of recruitment, relocation, and retention incentives, and to determine whether service obligations are effectively tracked and fulfilled.

Relates to NRC Management and Performance Challenge #5

Audit of the U.S. Nuclear Regulatory Commission's Media and Records Digitization Efforts

OIG Strategic Goal: Corporate Support

The audit objective is to assess whether the NRC's digitization program for permanent records complies with applicable federal and agency requirements and operates with consistency and efficiency.

Relates to NRC Management and Performance Challenge #5

Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2026

OIG Strategic Goal: Corporate Support

The audit objective is to conduct an independent assessment of the NRC's FISMA implementation for FY 2026.

Relates to NRC Management and Performance Challenge #3

INVESTIGATIONS DIVISION

Case Summaries—NRC

Alleged Departure from Core Damage Frequency Goal with Technical Specifications Amendment

OIG Strategic Goal: Safety

Allegation

The OIG initiated this investigation based on an allegation that the NRC had abandoned a core damage frequency goal when the agency approved a technical specifications amendment for certain nuclear power plants.

Core damage frequency is a measure of the likelihood that an accident could damage a reactor's fuel. The frequency is estimated through probabilistic risk assessment and based on a reactor's configuration and operation. NRC Regulatory Guide 1.174 (Rev. 3) states the agency's current core damage frequency goal, for purposes of examining risk associated with proposed changes to a plant's licensing basis, as 1×10^{-4} per reactor year. This core damage frequency goal remains unchanged from prior revisions of Regulatory Guide 1.174 and its precursor, a draft regulatory guide that the NRC issued in 1997.

Technical specifications are part of operating licenses and establish a range of requirements nuclear facilities must meet, including safety limits, operating conditions, and surveillance requirements. Changes in a nuclear power plant's technical specifications may change core damage frequency.

The technical specifications amendment in this case involved, in part, testing requirements for pressure isolation valves in the nuclear power plants' reactor coolant systems. The amendment appeared to allow plants to extend testing frequencies from 2 years to 6 years, and the amendment eliminated the frequencies requiring the plants to leak test the valves after actuation and after cold shutdown.

The pressure isolation valves in a reactor coolant system prevent high pressure reactor water from entering interfacing systems designed to move water at much lower pressures. The low-pressure systems might be required to move water during emergency situations for core cooling or during cold shutdowns for decay heat removal. The entrance of high-pressure reactor water into a system designed to operate at lower pressure can damage the low-pressure system's piping or components, leading to loss of reactor coolant outside of containment. One result of loss of reactor coolant outside of containment is potential exposure of people and the environment to radioactive materials. Another result is a decrease in the water inventory that would otherwise be available for long-term core cooling through recirculation from the containment sumps; ultimately, insufficient water inventory for long-term core cooling can lead to reactor core melt.

Investigative Results

The OIG found that the NRC's evaluation report approving the amendment did not explain the technical basis for the agency's apparent departure from multiple-decades-held technical positions in a manner that was sufficient for an interested member of the public to understand the agency's approval of the changes. The OIG also found that, despite considering reactor coolant system pressure isolation valves as risk-significant components, the NRC had failed to question the application's lack of risk information during its review of the amendment application regarding these components. The OIG did not, however, substantiate the allegation that the NRC had deviated from formalized risk goals when the agency approved the amendment.

The NRC has approved or is reviewing other license amendments, as well as a broader industry request, regarding leak test frequencies for reactor coolant system pressure isolation valves. Therefore, while the OIG did not identify an immediate safety issue regarding this license amendment, the OIG identified issues the NRC may need to address when processing similar requests for changes to other nuclear power plants' technical specifications.

NRC Response

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

Relates to NRC Management and Performance Challenge #1

Release of Predecisional Information

OIG Strategic Goal: Security

Allegation

The OIG initiated this investigation based on an allegation that an unknown NRC employee might have provided predecisional, non-public information about a draft rulemaking to someone outside the agency. The draft rulemaking at issue pertained to the "as low as (is) reasonably achievable" (ALARA) standard, which the NRC had been reviewing pursuant to E.O. 14300, *Ordering the Reform of the Nuclear Regulatory Commission* (May 23, 2025).

Investigative Results

The OIG found that an unidentifiable NRC employee or contractor appeared to have violated agency policy by publicly releasing predecisional, non-public information without authorization about the NRC's review of the ALARA standard.

Under 10 C.F.R. section 20.1101(b), the NRC requires licensees to make all reasonable efforts to maintain occupational and public radiation exposure as low as is reasonably achievable. This ALARA standard stems from the linear no-threshold (LNT) model, which provides that (1) ionizing radiation is always considered harmful to the human body, and (2) there is no threshold below which radiation exposure is not harmful to the human body.

E.O. 14300 directs the NRC to "undertake a review and wholesale revision" of the agency's regulations. As part of reforming and modernizing these regulations, the

NRC specifically must reconsider its reliance on the LNT model and the ALARA standard.

While the NRC was actively working to implement the requirements of E.O. 14300, a member of the public claimed to have received predecisional information from someone at the NRC about the agency's review of the ALARA standard. At that time, the NRC had publicly released some information about the status of this work. For example, the NRC maintained a "Completed and Ongoing Rulemaking Efforts" table on the agency's public website (<https://www.nrc.gov/about-nrc/governing-laws/advance-act/wholesale-revision-regs>). This table included an entry for "Reforming and Modernizing the NRC's Radiation Protection Framework," which the NRC noted as being responsive to the E.O. 14300 mandate to reconsider the ALARA standard. The NRC had not, however, published a proposed rule or otherwise publicly stated any determination regarding the future applicability of the ALARA standard at the NRC.

The member of the public reported that an NRC "colleague" was the source of the predecisional information on ALARA but declined to name the source. The OIG obtained additional information through other investigative techniques but ultimately did not identify the source.

NRC Response

The NRC informed the OIG that the agency had taken corrective actions in response to the information spill. Those actions included limiting staff access to draft rulemaking documents and to a shared electronic file storage location.

Relates to NRC Management and Performance Challenge #3

Notification of NRC Employee Altering Official Personnel Agreement

OIG Strategic Goal: Corporate Support

Allegation

The OIG initiated this investigation based on an allegation that after a resident inspector had signed a service obligation agreement with the agency, and without the resident inspector's consent, the NRC modified the agreement. Allegedly, the modifications extended the service period from 18 months to 24 months.

Investigative Results

The OIG substantiated the allegation that the NRC, without the resident inspector's consent, modified the service obligation agreement the resident inspector had signed, extending his service period from 18 months to 24 months.

NRC policy, as described in MD 10.51, *Recruitment, Relocation, and Retention Incentives*, provides that the NRC may agree to enter into service obligation agreements with employees. Pursuant to the service obligation agreements, the NRC will agree to pay some amount of incentive and the employee will commit to a period or location of employment. As relevant in this case, when the NRC agrees to

pay a relocation incentive of 19 to 25 percent of an employee's salary pursuant to a service obligation agreement, the employee's service period will be 24 months of continued service.

The NRC offered this resident inspector a 20-percent relocation incentive in connection with a service obligation agreement related to a new assignment. The resident inspector signed the service obligation agreement first; when the resident inspector signed, the agreement reflected an 18-month service period. More than 2 years after the resident inspector signed the service obligation agreement, however, the NRC uploaded a different service obligation agreement to the resident inspector's electronic official personnel folder. This agreement showed the resident inspector's same signature, as well as a signature on behalf of the NRC, but reflected a 24-month service period.

The OIG found that an NRC employee changed the service period after the resident inspector had signed and before the agency's signatory signed the agreement. At the same time, as the standard service period for a 20-percent relocation incentive under MD 10.51 was 24 months, the NRC's offer of a shorter period appears to have not followed NRC policy.

NRC Response

The NRC employees who worked on the service obligation agreement had separated from the agency by the time of the OIG's investigation. The NRC Office of the Chief Human Capital Officer, however, presented the issue of the differing service obligation agreements to the NRC's Federal Employees Pay Comparability Act (FEPCA) Panel. The FEPCA Panel determined that although the agreement the resident inspector had signed was nonstandard, the agreement was valid. The NRC notified the resident inspector of the favorable determination and processed the related personnel actions to award the incentive.

Relates to NRC Management and Performance Challenge #5

Locality Pay Project

OIG Strategic Goal: Corporate Support

Based on the OIG Audits and Evaluations Division evaluation of NRC special circumstances telework arrangements, the OIG initiated three investigations into whether NRC employees had engaged in misconduct by receiving locality pay for a location inconsistent with the respective employee's official duty station or telework agreement.

In the first investigation, the OIG found that for around 8 months, an NRC employee had received locality pay that was approximately 7 percent higher than authorized for her temporary duty station while she was on approved telework. The OIG found that the employee had not misled the NRC into overpaying her salary, however, and that the employee had repaid the salary overpayments. In the second investigation, the OIG found that for around 7 months an NRC employee received locality pay consistent with his official duty station while the NRC processed his request to retain

that post of duty. In the third investigation, the OIG found that the NRC's policy of considering official travel outside a locality pay area as in-office duty meant that the employee had complied with the agency's in-office eligibility requirements for the locality pay she received.

During the investigations, the OIG obtained evidence showing that the irregularities or seeming inconsistencies in locality pay for two of the employees involved oversights, delays, or apparent confusion in the NRC's processing of approved telework agreements. The OIG also identified, however, that the NRC had already begun engaging with the employees to resolve the issues.

As the OIG's investigations did not find evidence of misconduct by an NRC employee and the NRC had taken corrective action and collected any overpayments, the OIG did not refer its investigative findings to the NRC for response. More information about the OIG's proactive efforts to reduce waste related to telework arrangements is available in the OIG's "Evaluation of the U.S. Nuclear Regulatory Commission's Telework Program" ([OIG-NRC-25-E-01](#)).

Relates to NRC Management and Performance Challenge #5

Misappropriation of Pandemic Relief Funds

OIG Strategic Goal: Corporate Support

The CARES Act (Pub. L. No. 116-136) established the Pandemic Response Accountability Committee (PRAC) to oversee government funding related to the COVID-19 pandemic. As part of its shared efforts to identify and prevent fraud, waste, and abuse, the PRAC offered itself as a resource to OIGs governmentwide to help obtain and analyze information about fraud within the federal workforce. The OIG, therefore, collaborated with the PRAC, as well as the U.S. Small Business Administration, to conduct a proactive review of Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDLs) associated with NRC and DNFSB employees.

The OIG's review identified that approximately 200 NRC or DNFSB employees had applied for PPP loans or EIDLs. A preliminary check of most of the loans did not reveal apparent indications of fraud, such as a loan being disproportionate to the reported size of a business or being sought on behalf of a company that did not exist. In four instances, however, involving five NRC employees, the OIG identified circumstances warranting further investigation.

Ultimately, while none of the four investigations substantiated misappropriation of pandemic relief funds, one of the OIG's investigations prompted two employees to pay in full the almost \$40,000 outstanding on their two PPP loans.

The OIG maintained some coordination with the NRC and the DNFSB throughout the proactive review and related investigations. The investigative findings, however, and the employees' voluntary repayment of the loans relating to one investigation, obviated the need for further agency involvement.

Relates to NRC Management and Performance Challenge #5

Geofence Laptop Violations

OIG Strategic Goal: Security

To safeguard data, deter foreign threat actors, and protect proprietary information, the U.S. government restricts the transport of government-furnished laptops outside the country. In addition to implementing travel restrictions involving government equipment, agencies may require staff to report instances of unofficial (personal) foreign travel. For example, reflecting the importance of energy security to national security, the NRC generally requires all employees and clearance-holding contractors to report all unofficial travel at least 5 days prior to departure.

One means by which the OIG seizes the initiative against the constant yet ever-changing security threats targeting the NRC and the DNFSB is by maintaining a team of certified cyber forensic special agents on call to pursue geofence violations. These violations generally involve the connection or attempted connection, via government-furnished equipment, to an agency's information network system from abroad. The OIG generally investigates the violations in coordination with the equipment-issuing agency as well as other federal entities, such as U.S. Customs and Border Protection, as needed.

For example, in one recent investigation, an NRC contractor traveled with his NRC-furnished laptop to Africa, where he connected to the NRC network system through a virtual private network. While the OIG did not identify further misuse of the laptop or NRC network system, the unauthorized travel and use of the laptop abroad created security vulnerabilities. In response, the NRC removed the contractor from all agency contracts and successfully retrieved all agency equipment and items from his possession.

The development of artificial intelligence carries the potential for both intensifying security threats and providing a means for nullifying them. The OIG is collaborating with its partners in the federal law enforcement community on the appropriate adoption of artificial intelligence technologies to support law-enforcement initiatives relevant to the NRC and DNFSB.

Relates to NRC Management and Performance Challenge #3

Small Entity Reduced Annual Fee Program Fraud: Update

OIG Strategic Goal: Corporate Support

In the [Semiannual Report to Congress for October 1, 2024, through March 31, 2025](#), the OIG reported on its proactive review of the NRC's small entity reduced annual fee program. This program is one mechanism by which the NRC fulfills its obligation to recover, to the maximum extent practicable, fees from the entities for which it provides services, in amounts equal to its annual budget. To meet its statutory responsibility to detect and prevent fraud at the NRC, the OIG examined this fee program for indications of fraudulent representations and underpayments to the government.


The OIG has now completed its preliminary review of entities that claimed small entity status over the past decade and has initiated or completed more than 20 investigations into claims by entities that did not appear to meet a small entity standard. The OIG has also coordinated with the U.S. Department of Justice on 14 completed investigations involving false statements made in more than 160 small entity status certifications.

To date, the OIG's completed investigations have collectively identified approximately \$900,000 in fraudulent underpayments.

NRC Response

As of March 31, 2026, the NRC is continuing to review the OIG's Reports of Investigation regarding 13 completed cases for potential action. The NRC has also implemented various program reforms, as discussed in the aforementioned Semiannual Report to Congress on pages 19–20.

Relates to NRC Management and Performance Challenge #5



**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 2026* as identified by the Inspector General:

Challenge 1: Maintaining Organizational Health and Managing Resources to Address Critical Risks; and,

Challenge 2: Continuing to Prioritize the DNFSB's Focus on Technical Oversight and Reviews.

*View the full report on the [OIG's website](#).

AUDITS AND EVALUATIONS DIVISION

Summaries—DNFSB

Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2025 Financial Statements

OIG Strategic Goal: Corporate Support

The OIG contracted with Sikich to audit the DNFSB's basic financial statements for FY 2025, including the consolidated balance sheet, the related consolidated statement of net cost, the consolidated statement of changes in net position, the combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements. Sikich also reviewed the DNFSB's internal controls over financial reporting as of September 30, 2025. This audit was conducted in accordance with criteria established under 31 U.S.C. section 3512(c) and (d), commonly known as the FMFIA. The audit objective was to determine whether the DNFSB's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles, whether the DNFSB has effective internal controls over financial reporting, and whether the DNFSB complied with certain provisions of laws, regulations, contracts, and grant agreements.

Audit Results

Sikich determined that the financial statements presented fairly, in all material respects, the financial position of the DNFSB as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with U.S. generally accepted accounting principles. Sikich also determined that the DNFSB maintained, in all material respects, effective internal controls over financial reporting as of September 30, 2025, based on criteria established under the FMFIA.

For the FY 2025 audit, Sikich identified deficiencies in DNFSB internal control over financial reporting that are not considered to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant DNFSB management's attention. No recommendations were made in this report.

Relates to DNFSB Management and Performance Challenge #2

The Inspector General’s Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2026

OIG Strategic Goal: Safety, Security, and Corporate Support

The OIG identified the DNFSB’s most serious challenges for FY 2026. These challenges are neither listed in order of priority, nor do they necessarily indicate problems within the agency; rather, they should be considered as areas of focus for DNFSB management and staff.

DNFSB leadership provided its own assessment of the key challenges facing the agency in its response to the OIG’s request for input in these areas. The OIG considered that input and independently identified the following two clear, specific, and actionable challenges that require the DNFSB’s continued attention:

1. Maintaining organizational health and managing resources to address critical risks; and,
2. Continuing to prioritize the DNFSB’s focus on technical oversight and reviews.

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

Relates to DNFSB Management and Performance Challenges #1 and #2

Audits in Progress—DNFSB

Audit of the Defense Nuclear Facilities Safety Board’s Fiscal Year 2026 Compliance with the Payment Integrity Information Act of 2019

OIG Strategic Goal: Corporate Support

The audit objective is to determine whether the DNFSB is effectively managing and monitoring software license usage and purchases.

Relates to DNFSB Management and Performance Challenge #1

Audit of the Defense Nuclear Facilities Safety Board’s Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2026

OIG Strategic Goal: Corporate Management

The audit objective is to conduct an independent assessment of the DNFSB’s FISMA implementation for FY 2026.

Relates to DNFSB Management and Performance Challenge #1

INVESTIGATIONS DIVISION

Case Summaries—DNFSB

Undisclosed Secondary Employment

OIG Strategic Goal: Corporate Support

Allegation

The OIG initiated this investigation based on an allegation that an employee had not reported to the DNFSB the employee's ownership of a private business. The complaint also alleged that the employee, through the private business, had "funneled" individuals or entities to apply for DNFSB contracts.

Investigative Results

The OIG substantiated the allegation that the employee had filed incomplete confidential financial disclosure reports, annually for 3 years, omitting from the reports the employee's ownership of a private business. The OIG also found that the employee had failed to report the business on Standard Form 86, "Questionnaire for National Security Positions." The OIG's investigation did not, however, uncover evidence that the employee's business was actively generating income when the employee submitted any of these forms.

In addition, the OIG did not substantiate that the employee had violated the Federal Acquisition Regulation by encouraging business associates to bid for DNFSB contracts. The employee did not review or approve work on contracting matters, and the Federal Acquisition Regulation generally does not prohibit federal employees from encouraging private-sector participation in contracting.

DNFSB Response

In response to the OIG's report on this investigation, the DNFSB reaffirmed its commitment to transparency and full compliance with ethics requirements. The agency confirmed the employee had since disclosed the requisite information regarding the private business, and the designated agency ethics official and security personnel respectively made corrective annotations on the employee's confidential financial disclosure filings and added the information to the employee's personnel security file. To prevent recurrence of the violations, the agency also required the employee to complete remedial ethics training.

Relates to DNFSB Management and Performance Challenge #1



**Summary
of
Accomplishments**



AUDITS AND EVALUATIONS DIVISION

NRC

Audits and Evaluations Completed

Report No. Date Issued	Report Title	Open Recommendations as of 03/31/2026	Total Potential Cost Savings
OIG-NRC-26-A-01 December 17, 2025	Audit of the U.S. Nuclear Regulatory Commission's Fiscal Year 2025 Financial Statements	0	0
OIG-NRC-26-M-01 December 12, 2025	The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2026	0	0

NRC Contract Audit Reports

The OIG did not complete any NRC contract audit reports for the reporting period.

NRC Audit and Evaluation Resolution Activities

Table I

OIG Reports Containing Questioned Costs*

Reports	Number of Reports	Questioned Costs (\$)	Unsupported Costs (\$)
A. For which no management decision had been made by the commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
<i>Subtotal (A + B)</i>	0	0	0
C. For which a management decision was made during the reporting period:			
i. Dollar value of disallowed costs	0	0	0
ii. Dollar value of costs not disallowed	0	0	0
D. For which no management decision had been made by the end of the reporting period	0	0	0

* The OIG questions costs if there is an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such costs are not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Table II

OIG Reports Issued with Recommendations of Funds To Be Put to Better Use*

Reports	Number of Reports	Funds to be Put to Better Use (\$)
A. For which no management decision had been made by the commencement of the reporting period	1	1,241,000 [†]
B. Which were issued during the reporting period	0	0
<i>Subtotal (A + B)</i>	1	1,241,000
C. 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	1	1,241,000
D. For which no management decision had been made by the end of the reporting period	0	0

* Monetary Impact—specifically questioned costs and funds put to better use—must be reported twice a year (semiannually) in the Semiannual Report to Congress. Council of the Inspectors General on Integrity and Efficiency (CIGIE), *Toolkit for Identifying and Reporting Monetary Impact*, June 18, 2024. A “recommendation that funds be put to better use” is an OIG recommendation that funds could be used more efficiently if NRC management took actions to implement and complete the recommendation.

[†] [Audit of the U.S. Nuclear Regulatory Commission’s Management and Oversight of Research and Development Grants](#), June 17, 2025.

DNFSB

Audits and Evaluations Completed

Report No. Date Issued	Report Title	Open Recommendations as of 03/31/2026	Total Potential Cost Savings
OIG-DNFSB-26-A-01 December 17, 2025	Audit of the Defense Nuclear Facilities Safety Board's Fiscal Year 2025 Financial Statements	0	0
OIG-DNFSB-26-M-01 November 19, 2025	The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2026	0	0

Contract Audit Reports

The OIG did not complete any DNFSB contract audit reports for the reporting period.

DNFSB Audit and Evaluation Resolution Activities

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

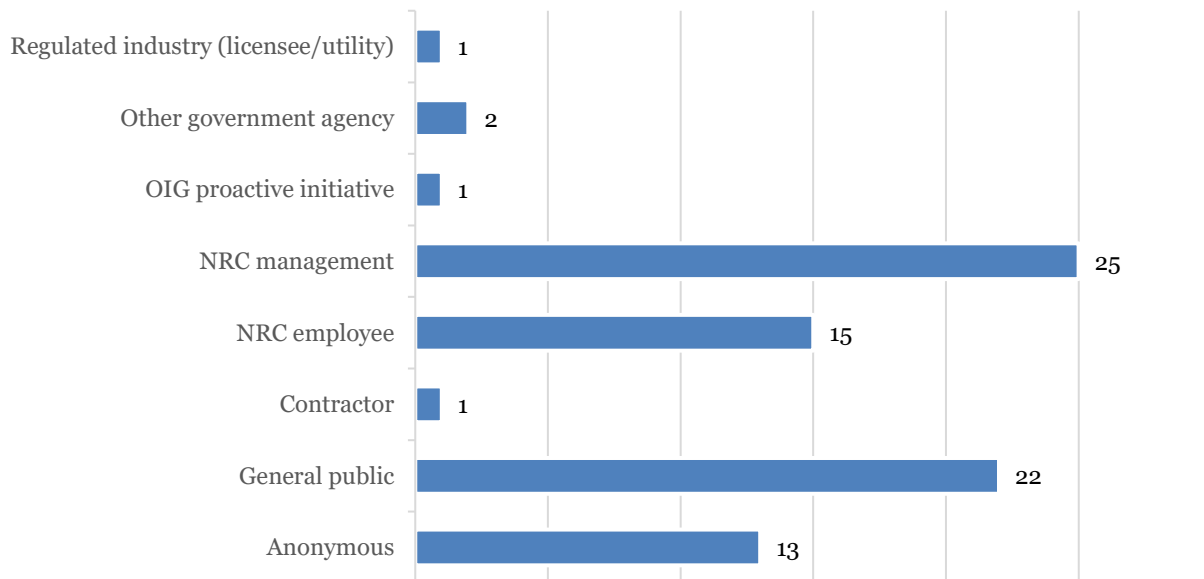
INVESTIGATIONS DIVISION

NRC

Complaints Received

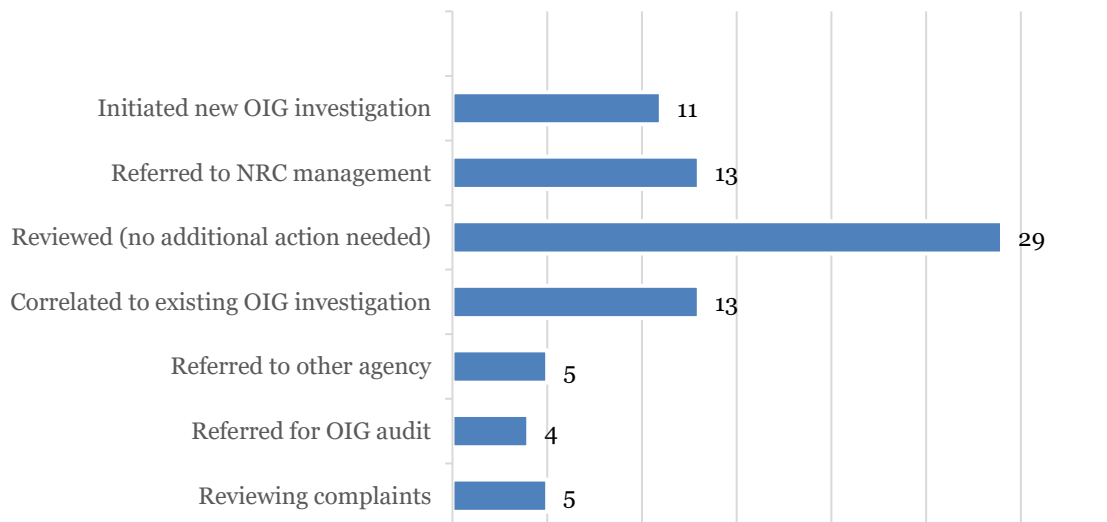
Sources of Complaints

80 complaints received (52 from the OIG Hotline)



Disposition of Complaints

80 dispositioned



Status of Investigations

Federal

DOJ referrals	3
Accepted.....	0
Declined	3
Pending	0
Criminal information/indictments	0
Arrest	0
Criminal conviction/Civil settlement.....	0
Civil recovery	\$37,746.79

State and Local

Referrals	1
Accepted	1
Declined.....	0
Pending.....	0
Criminal information/indictments	0
Criminal conviction/Community service....	1

NRC Administrative Actions

Review/Change of agency process	0
Counseling/Training	3
Retirement/Resignation.....	2
Pending agency action.....	0

Administrative False Claims Act

Referred.....	2
Action taken.....	0
Actions pending.....	0
Declined.....	2

Summary of Investigations

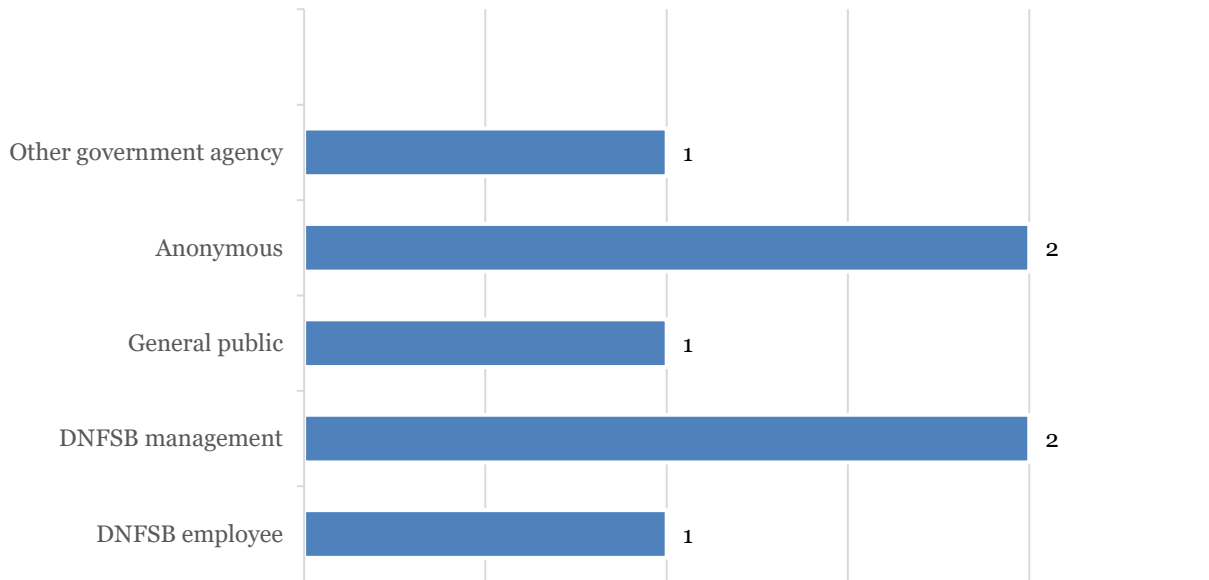
Classification of Investigations	Opened Cases	Completed Cases	Reports Issued*
Conflict of interest	2	1	0
Employee misconduct	4	4	3
External fraud	3	2	1
Management misconduct	3	2	2
Miscellaneous	7	0	0
Proactive initiative	1	0	0
Technical investigations	1	2	0
TOTAL:	21	11	6

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

Complaints Received

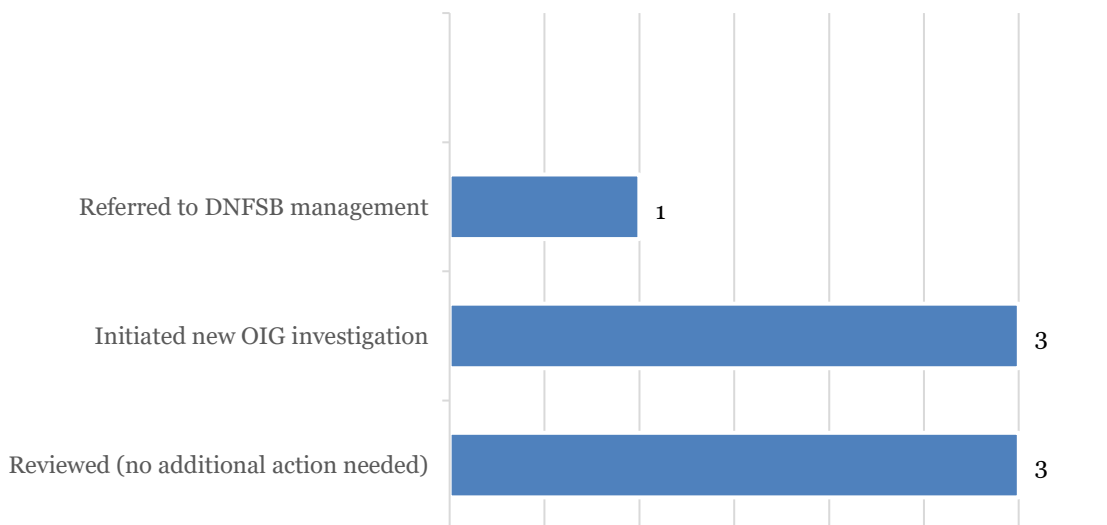
Sources of Complaints

7 complaints received (4 from the OIG Hotline)



Disposition of Complaints

7 dispositioned



Status of Investigations

Federal	Other (counseling/training)..... 1
DOJ referrals 1	Potential cost savings0
Accepted..... 0	State and Local
Declined 0	Referrals0
Pending 1	Arrests.....0
Criminal information/indictments 0	Criminal information/indictments0
Criminal conviction 0	Criminal convictions0
Civil penalty fines 0	Civil penalties0
Recoveries 0	Recoveries.....0
DNFSB Administrative Actions	Administrative False Claims Act
Pending agency action 0	Referred0
Review/Change of agency process 0	Action taken.....0
Retirements/Resignations..... 0	Actions pending.....0
	Declined.....0

Summary of Investigations

Classification of Investigations	Opened Cases	Completed Cases	Reports Issued*
Employee misconduct	1	1	1
Fraud	2	0	0
Whistleblower reprisal	1	0	0
TOTAL:	4	1	1

*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**



Open Recommendations

The following are NRC and DNFSB audit and evaluation reports that have OIG recommendations still open⁴ as of March 31, 2026. The OIG continues to work with NRC and DNFSB officials to resolve and close the recommendations.

NRC

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

2 of 9 recommendations open since June 8, 2016

[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 \(OIG-22-A-04\)](#)

1 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 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 \(OIG-24-A-07\)](#)

2 of 7 recommendations open since April 11, 2024

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

3 of 6 recommendations open since July 3, 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

⁴ The status of the OIG's open and unresolved recommendations, including those older than 2 years, are accessible via the links provided.

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

1 of 4 recommendations open since September 30, 2024

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

1 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 \(OIG-NRC-25-A-04\)](#)

4 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

[Audit of the U.S. Nuclear Regulatory Commission's Web-Based Licensing System \(OIG-NRC-25-A-09\)](#)

6 of 15 recommendations open since June 30, 2025

[Audit of the U.S. Nuclear Regulatory Commission's Use of Operating Experience in Emergency Diesel Generators Oversight \(OIG-NRC-25-A-10\)](#)

7 of 7 recommendations open since August 26, 2025

[Audit of the U.S. Nuclear Regulatory Commission's Awards and Recognition Program \(OIG-NRC-25-A-12\)](#)

9 of 9 recommendations open since September 23, 2025

[Audit of the U.S. Nuclear Regulatory Commission's Qualification Programs \(OIG-NRC-25-A-13\)](#)

3 of 3 recommendations open since September 25, 2025

[Performance Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2025 \(OIG-NRC-25-A-14\)](#)

1 of 3 recommendations open since September 30, 2025

DNFSB

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

1 of 11 recommendations open since March 31, 2020

[Independent Evaluation of the 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 \(DNFSB-22-A-04\)](#)

1 of 24 recommendations open since December 21, 2021

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

2 of 8 recommendations open since August 13, 2024

[Audit of the Defense Nuclear Facilities Safety Board's Drug-Free Workplace Program \(OIG-DNFSB-25-A-03\)](#)

3 of 3 recommendations open since July 30, 2025

[Audit of the Defense Nuclear Facilities Safety Board's \(DNFSB\) Review Agendas \(OIG-DNFSB-25-A-04\)](#)

3 of 3 recommendations open since August 1, 2025

[Audit of the Defense Nuclear Facilities Safety Board's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2025 \(OIG-DNFSB-25-A-05\)](#)

7 of 7 recommendations open since September 25, 2025



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 the requirements are fulfilled in this report.

Citation	Reporting Requirements	Page(s)
Section 4(a)(2)	Review of legislation and regulations	7–12
Section 5(b)(1)	Significant problems, abuses, and deficiencies	15–31
Section 5(b)(2)	Recommendations for corrective action	15–16, 28–29
Section 5(b)(3)	Prior significant recommendations not yet completed	42–44
Section 5(b)(4)	Matters referred to prosecutive authorities	38, 40
Section 5(b)(6)	Listing of audit reports	33, 36
Section 5(b)(6)	Listing of audit reports with questioned costs or funds put to better use	N/A
Section 5(b)(7)	Summary of significant reports	15–31
Section 5(b)(8)	Statistical tables for audit reports – questioned costs	34
Section 5(b)(9)	Statistical tables for audit reports – funds to be put to better use	35
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 cost 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	47
Section 5(b)(17)	Investigations statistical tables	37–40
Section 5(b)(18)	Description of metrics	N/A
Section 5(b)(19)	Investigations of senior government employees where misconduct was substantiated	31
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	31

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.

ABBREVIATIONS AND ACRONYMS

ALARA	as low as (is) reasonably achievable
CIGIE	Council of the Inspectors General on Integrity and Efficiency
C.F.R.	Code of Federal Regulations
DNFSB	Defense Nuclear Facilities Safety Board
DOE	U.S. Department of Energy
EIDL	Economic Injury Disaster Loans
E.O.	Executive Order
FEPCA.....	Federal Employees Pay Comparability Act
FMFIA	Federal Managers' Financial Integrity Act of 1982
FOIA	Freedom of Information Act
IAM	issue area monitoring
IG	Inspector General
IOAA	Independent Offices Appropriation Act
LNT.....	linear no-threshold
MD	NRC Management Directive
NEIMA.....	Nuclear Energy Innovation and Modernization Act
NRC	U.S. Nuclear Regulatory Commission
OGIS	Office of Government Information Services
OIG	Office of the Inspector General
PPP.....	Paycheck Protection Program
PRAC.....	Pandemic Response Accountability Committee
SGI	safeguards information
U.S.C.	United States Code

Notice to Non-Governmental Organizations and Business Entities Specifically Mentioned in this Report

Section 5274 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, amended the Inspector General Act of 1978 to require OIGs to notify certain entities of OIG reports. In particular, section 5274 requires that, if an OIG specifically identifies any non-governmental organization (NGO) or business entity (BE) in an audit or other non-investigative report, the OIG must notify the NGO or BE that it has 30 days from the date of the report's publication to review the report and, if it chooses, submit a written response that clarifies or provides additional context for each instance within the report in which the NGO or BE is specifically identified.

If you are an NGO or BE that has been specifically identified in this report and you believe you have not been otherwise notified of the report's availability, please be aware that under section 5274 such an NGO or BE may provide a written response to this report no later than 30 days from the report's publication date. Any response you provide will be appended to the published report as it appears on our public website, assuming your response is within the scope of section 5274. Please note, however, that the OIG may decline to append to the report any response, or portion of a response, that goes beyond the scope of the response provided for by section 5274. Additionally, the OIG will review each response to determine whether it should be redacted in accordance with applicable laws, rules, and policies before posting the response to the [OIG public website](#).

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 anonymously.

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- 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

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Write:

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