



**DEFENSE NUCLEAR FACILITIES
SAFETY BOARD**

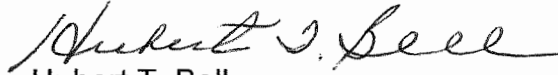
WASHINGTON, D.C. 20004-2901

OFFICE OF THE
INSPECTOR GENERAL

October 18, 2017

MEMORANDUM TO: Chairman Sullivan

FROM:


Hubert T. Bell
Inspector General

SUBJECT: INSPECTOR GENERAL'S ASSESSMENT OF THE MOST
SERIOUS MANAGEMENT AND PERFORMANCE
CHALLENGES FACING THE DEFENSE NUCLEAR
FACILITIES SAFETY BOARD IN FISCAL YEAR 2018

In accordance with the *Reports Consolidation Act* of 2000, I am providing what I consider to be the most serious management and performance challenges facing DNFSB in FY 2018. Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the discretion of the Inspectors General. I have defined serious management and performance challenges as *mission critical areas or programs that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals.*

INTRODUCTION

The *Consolidated Appropriations Act* of 2014 provided that notwithstanding any other provision of law, the Inspector General (IG) of the Nuclear Regulatory Commission (NRC) is authorized in 2014 and subsequent years to exercise the same authorities with respect to DNFSB, as determined by the NRC IG, as the IG exercises under the *Inspector General Act* of 1978 (5 U.S.C. App.) with respect to NRC.

BACKGROUND

DNFSB was created by Congress in 1988 as an independent organization within the executive branch to provide recommendations and advice to the President and the Secretary of Energy in providing adequate protection of public health and safety at Department of Energy (DOE) defense nuclear facilities. DNFSB reviews and evaluates the content and implementation of health and safety standards, as well as other requirements, relating to the design, construction, operation, and decommissioning of DOE's defense nuclear facilities.

DNFSB's enabling legislation authorizes a staff of up to 130 personnel. As of the end of FY 2017, the DNFSB is composed of five Board members and approximately 110 permanent employees and is supported by an annual budget of approximately \$31 million.

MANAGEMENT AND PERFORMANCE CHALLENGES

The FY 2018 management and performance challenges are related to DNFSB's organizational culture and climate, security, human capital, and internal controls. Our work in these areas indicates that program improvements are needed and DNFSB is responding positively to recommendations to improve the efficiency and effectiveness of its programs. The FY 2018 management and performance challenges are as follows:

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

These challenges represent what the Office of the Inspector General (OIG) considers to be inherent and immediate program challenges relative to maintaining effective and efficient oversight and internal management controls. As a result, some are likely to remain challenges from year to year while others may be removed from the list as progress is made toward resolution. Challenges do not necessarily equate to problems, rather, they should be considered areas of continuing important focus for DNFSB management and staff.

Attached is a brief synopsis of each management and performance challenge along with summaries of OIG audits and planned work that has informed and will inform our assessment of DNFSB's progress in meeting the challenges. A complete list of reports can be found at <http://www.nrc.gov/reading-rm/doc-collections/insp-gen/>.

1. Management of a healthy and sustainable organizational culture and climate.

Although DNFSB continues to deal with external and internal changes, agency management endeavors to continue developing a work environment built on its core values of excellence, respect, and integrity. DNFSB, like all Federal agencies, is working through issues associated with potential budget cuts and workforce reduction. Furthermore, internally DNFSB is dealing with changes in Board leadership and a reorganization. However, DNFSB has put in place initiatives to foster its work environment. For example, DNFSB's performance management system is structured to align with the Board's strategic goals and promote a performance culture that focuses on two-way communication and accountability for results.

Surveys are often a good way to measure an organization's culture and climate. In early 2015, OIG hired an independent contractor to survey DNFSB staff and managers. A theme that permeated the survey results was communication related to both DNFSB Board Members and senior leadership. Staff members' opinions highlighted a need to change the timeliness and tone of communications. Specifically, staff want more information about changes, decisions, how decisions are made, and how decisions and changes relate to the organization's mission.



In addition to areas for improvement, DNFSB staff provided positive culture and climate results in areas showing that employees are engaged—an area that needs to be sustained. DNFSB staff and managers believe strongly in the Board's goals and objectives and are willing to put in a great deal of effort beyond what is normally expected to help DNFSB succeed. Additionally, staff and managers perceive that there is high quality work being done in the business units and quality is not sacrificed in order to meet established metrics.

Key culture and climate challenges for the Board include the following:

- Ensure that organizational communication and change management contribute to a pervasive sense of organizational stability.

- Operate in a manner that is accountable to the public and achieves the mission efficiently and effectively.
- Engender through leadership and operational processes an organizational culture that strives for the highest standards of integrity, efficiency, effectiveness, transparency, fiscal responsibility, and management proficiency.

The following synopsis is an example of work that OIG will focus on in fiscal year 2018 with regard to DNFSB's culture and climate.

DNFSB Culture and Climate Survey

(To be initiated in FY 2018)

Culture is defined as the complex sum of the mission, characteristics, and policies of an organization, and the thoughts and actions of its individual members which establish and support nuclear health and safety as overriding priorities. Climate refers to the current work environment which affects employees' performance and behavior.

In the spring of 2015, the Office of Inspector General (OIG), assisted by a contractor, assessed the Defense Nuclear Facilities Safety Board (DNFSB) culture and climate. The survey was focused on identification of the organization's strengths and opportunities for improvement, as it continues to experience significant challenges.

This second survey of DNFSB's culture and climate will facilitate identification of the organization's strengths and opportunities for improvement, as it continues to experience significant challenges. These challenges include the implementation of new policies and oversight mechanisms, staff turnover, operating with a reduced budget, and legislation that froze Federal hiring.

The survey objectives will be to:

- Measure the Board's culture and climate to identify areas of strength and opportunities for improvement.
- Provide, where practical, benchmarks for the qualitative and quantitative findings against other organizations.

Having established a baseline with the 2015 survey, the FY 2018 survey will continue to address the unique topic of DNFSB culture and climate as it pursues these objectives.

2. Management of security over internal infrastructure (personnel, physical, and cyber security) and nuclear security.

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

Key security challenges for DNFSB include the following:

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

The following audit synopses are examples of security and information management work that OIG will complete at DNFSB in FY 2018.

Independent Evaluation of DNFSB's Implementation of The Federal Information Security Modernization Act of 2014 for Fiscal Year 2017

(Ongoing work)

The Federal Information Security Modernization Act of 2014 (FISMA) outlines the information security management requirements for agencies, including the requirement for an annual independent assessment by agency Inspectors General. In addition, FISMA includes provisions such as the development of minimum standards for agency systems, aimed at further strengthening the security of the Federal Government information and information systems. The annual assessments provide agencies with the information needed to determine the effectiveness of overall security programs and to develop strategies and best practices for improving information security.

FISMA provides the framework for securing the Federal Government's information technology including both unclassified and national security systems. All agencies must implement the requirements of FISMA and report annually to the Office of Management and Budget and Congress on the effectiveness of their security programs.

There were no new findings or recommendations for FY 2016. In FY 2016, DNFSB completed implementation of all nine recommendations from the FY 2014 evaluation.

The objective of this evaluation is to perform an independent evaluation of DNFSB's implementation of FISMA and assess the effectiveness of agency information security policies, procedures, and practices.

Audit of DNFSB's Implementation of Its Governing Legislation

(Ongoing work)

The Defense Nuclear Facilities Safety Board (Board) is an independent organization within the executive branch chartered with the responsibility of providing recommendations and advice to the President and the Secretary of Energy regarding public health and safety issues at Department of Energy defense nuclear facilities. In operation since October 1989, the Board reviews and evaluates the content and implementation of health and safety standards, as well as other requirements, relating to the design, construction, operation, and decommissioning of the Department's defense nuclear facilities.

The Board consists of five members appointed by the President for staggered five year terms. The Board is supported by almost 110 technical and administrative staff personnel and an annual budget of approximately \$31 million.

The Board has a variety of authorities and powers for interacting with the Department of Energy. These include (1) conducting public hearings, (2) issuing subpoenas for the attendance of witnesses and production of evidence, (3) formally requesting information or establishing reporting requirements, (4) stationing on-site resident inspectors and (5) conducting special studies.

The Board and its staff annually conduct about 200 site visits of an average duration of 2-3 days. The Board communicates with the Department through trip reports, requests for information, other written correspondence, and meetings. The Board transmits a total of about 100 pieces of correspondence annually to senior Department management at headquarters and field offices.

The audit objective is to review the role and structure of DNFSB to determine whether the Board is (1) operating in accordance with applicable laws and (2) whether the role and structure is effective to facilitate the agency's mission.

3. Management of administrative functions.

DNFSB should continue exploring ways to improve its administrative functions. During FY 2017, the DNFSB workforce full time equivalent utilization averaged approximately 115 staff positions. To support the technical staff, DNFSB provides corporate support services such as contract support, human resources support, financial reporting, and information technology services. Although DNFSB has established these administrative functions to support agency staff, the agency should continue improving the skill sets and knowledge of the administrative staff carrying out these functions. In addition, DNFSB must be able to effectively recruit, train, and transfer knowledge to new hires. This includes maintaining up-to-date guidance to effectively transfer knowledge and train current staff. Lastly, DNFSB should continue to improve its information security and information technology efforts to comply with Federal requirements and meet staff needs.

Key DNFSB administrative function challenges include the following:

- Continuing to improve internal control documentation and practices for DNFSB's financial and administrative functions.
- Continuing to implement effective recruitment techniques to hire staff with the skills needed to carry out the agency mission.
- Providing current staff with the training and tools to maintain and/or improve the skills needed to effectively perform their jobs.
- Continuing efforts to keep DNFSB policies and procedures current.

The following audit report synopsis is an example of work that OIG has completed pertaining to DNFSB's administrative functions.

Audit of DNFSB's Telework Program

DNFSB-17-A-06, July 10, 2017

The *Telework Enhancement Act* of 2010 enacted as Public Law 111-292, requires the head of each executive agency to establish and implement a policy under which employees shall be authorized to telework. The law defines telework as a work flexibility arrangement under which an employee performs the duties and responsibilities of his or her position, and other authorized activities, from an approved worksite other than the location from which the employee would otherwise work.

The audit objectives were to determine (1) if DNFSB's telework program complies with applicable laws and regulations, and (2) the adequacy of internal controls over the program.

DNFSB's telework directive and operating procedure do not fully address current agency practices, and implementation of internal controls needs to be strengthened. Federal guidance requires agencies to follow specific provisions related to its telework program and maintain effective internal controls over its program. However, while DNFSB staff are currently following Federal guidance in practice, the recently approved directive and operating procedure need to be updated to reflect DNFSB's current practices and Federal guidance. As a result of not updating its policies, DNFSB risks potential (1) noncompliance with Federal guidance, (2) inconsistent application of the policy by supervisors, (3) inaccurate internal and external data reporting on telework, and (4) reduced Continuity of Operations (COOP) readiness.

This report makes recommendations to improve DNFSB's telework policies to ensure continued compliance with Federal requirements, and consistency in the application of the policies and recordkeeping practices. DNFSB management stated their general agreement with the recommendations in this report and did not provide formal comments.

The full report is available at: <https://www.nrc.gov/docs/ML1719/ML17191A694.pdf>

4. Management of technical programs.

DNFSB's mission is to provide independent analysis, advice, and recommendations to the Secretary of Energy to inform the Secretary, in the role of the Secretary as operator and regulator of DOE's defense nuclear facilities, in providing adequate protection of public health and safety at such defense nuclear facilities.

DNFSB's jurisdiction covers DOE's "defense nuclear facilities." This scope includes all facilities operated by DOE that fall under the *Atomic Energy Act*. It excludes DOE's nuclear projects that are civilian in purpose and commercial nuclear facilities regulated by NRC. DNFSB's oversight jurisdiction does not extend to the U.S. Navy's nuclear propulsion program or to environmental hazards regulated by other Federal and state agencies.

When DNFSB technical staff evaluate safety at the specified DOE facilities, they must employ specific analyses of many unique processes and hazards. DOE's nuclear weapons program is technically challenging and hazardous. Complex, high-hazard operations critical to national defense include assembly and disassembly of nuclear weapons, fabrication of plutonium pits and weapon secondary assemblies, production and recycling of tritium, nuclear criticality experiments, experiments to characterize special nuclear materials under extreme conditions, and a host of activities to address the radioactive legacy of nearly 70 years of these operations. DOE's major defense nuclear facilities are each one-of-a-kind.

Key technical program challenges for the Board include the following:

- Ensure that operations are conducted in a manner that is accountable and transparent, and that directs the Board's resources toward oversight of the most significant potential safety risks in DOE's defense nuclear complex.
- Continue to attract, develop, and sustain a staff that earns the respect and confidence of the public and DOE through its expertise in the field of nuclear safety and performance of its oversight functions.

- Maintain open and effective two-way communications with DOE that enable problem solving through mutual understanding of safety issues that require action as well as factors that may constrain action to address safety issues.
- Ensure that internal controls are fully understood and implemented.

The following synopsis is an example of work that OIG completed at DNFSB in FY 2017 regarding the management of technical programs.

Audit of DNFSB's Resident Inspector Program DNFSB 17-A-05, June 5, 2017

DNFSB's enabling legislation authorizes it to assign staff to be stationed at any DOE defense nuclear facility to carry out the functions of the agency. DNFSB has used this authority to implement a Resident Inspector Program that serves a vital function in the agency's safety oversight of DOE's defense nuclear facilities. Employees in the program relocate to a DOE site with defense nuclear facilities and perform direct oversight of the safety of operations.

The audit objective was to determine whether the Resident Inspector Program provides for the necessary onsite oversight of DOE defense nuclear facilities to adequately fulfill DNFSB's mission.

DNFSB's Resident Inspector Program provides the necessary onsite oversight of DOE defense nuclear facilities to adequately fulfill its mission; however, opportunities for improvement exist.

DNFSB is not always able to fill vacant resident inspector positions in a timely manner. Although DNFSB should ensure continuity of needed skills and abilities, the agency does not have a formalized, systematic process for developing a pool of resident inspectors. As a result, DNFSB could face a gap in oversight at a DOE defense nuclear site.

Additionally, OIG found that DNFSB is not transparent in how it determines which defense nuclear sites will have resident inspectors. DNFSB should conduct operations transparently; however, there is no formal process for determining the number and location of resident inspectors. Consequently, a lack of a transparent process may result in a loss of stakeholder confidence.

This report made recommendations to improve DNFSB's ability to develop and prepare candidates for the resident inspector position and increase agency transparency when determining which defense nuclear sites will have resident inspectors, along with the staffing of those sites. DNFSB management stated their general agreement with the findings and recommendations in this report.

The full report is available at: <https://www.nrc.gov/docs/ML1715/ML17156A294.pdf>

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COMMENTS AND SUGGESTIONS

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