

DEFENSE NUCLEAR FACILITIES SAFETY BOARD Washington, D.C. 20004

# DIRECTIVE

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**Subject: OFFICE OF THE INSPECTOR GENERAL AND GOVERNMENT  
ACCOUNTABILITY OFFICE AUDITS**

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<b>Number: D-31.1</b>	<b>Approved: X/XX/2016</b>	<b>Review: X/XX/2021</b>	<b>Certified:</b>
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**Responsible Office: Office of the General Manager**

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1. **PURPOSE.** The purpose of this Directive is to provide the Defense Nuclear Facilities Safety Board’s (DNFSB) policies, requirements, and responsibilities when considering audit<sup>1</sup> reports issued by the Office of the Inspector General (OIG)<sup>2</sup> and the Government Accountability Office (GAO).<sup>3</sup>
  
2. **CANCELLATION.** None.
  
3. **APPLICABILITY.** This Directive applies to all DNFSB employees.
  
4. **EXEMPTIONS.** None.
  
5. **POLICY.**
  - A. The DNFSB shall review and provide timely, accurate, and complete responses to audit reports from the OIG and GAO.
  
  - B. All audit report recommendations for improvement in the DNFSB programs and operations shall be assessed and resolved, and corrective actions, where applicable, shall be implemented promptly.
  
6. **REQUIREMENTS.**
  - A. Prompt resolution and corrective actions on audit recommendations shall be provided, with resolution made within a maximum of six months after issuance of a final audit report.
  
  - B. Accurate records of the status of audit reports and recommendations shall be

<sup>1</sup> Defined terms (see Section 10) are underlined when first used.

<sup>2</sup> The Consolidated Appropriations Act for fiscal year (FY) 2014 permanently assigned the OIG of the Nuclear Regulatory Commission (NRC) to also serve as the Defense Nuclear Facilities Safety Board’s (DNFSB) Inspector General (IG), in accordance with the Inspector General Act of 1978 (5 U.S.C. App.). The Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for FY 2015 specifically amended the DNFSB’s statute to state that the NRC-OIG is the Board’s IG. Any reference in this Directive to “OIG” thus means the NRC-OIG.

<sup>3</sup> GAO is an independent, legislative branch agency responsible for auditing and evaluating programs, activities, and financial operations of the executive branch.

maintained throughout the entire process of resolution and corrective action.

- C. Resolutions shall be consistent with all applicable laws, regulations, and the Administration's policy, and include written justification containing, when applicable, the basis for decisions not agreeing with the audit recommendations.
- D. Performance appraisals of appropriate officials shall reflect effectiveness in resolving and implementing audit recommendations.
- E. Internal follow-up reviews of completed audits shall be conducted to ensure corrective actions are complete and effective, and to identify trends and system-wide problems.
- F. DNFSB shall adhere to requirements applicable to OIG and GAO reports, including the time requirements for providing comments.
- G. Resolution to audit recommendations involving policy formulation shall be raised to the Board in a timely manner to allow the Board to approve the formal response via the voting process.

7. **RESPONSIBILITIES.**

A. Chairman

- i. Signs initial transmittal response to congressional committees, OMB, and GAO regarding recommendations in final GAO reports;
- ii. When necessary (i.e., when not resolved by the Audit Follow-up Official), resolves differences between OIG and DNFSB with regard to recommendations contained in OIG audit reports; however, when the resolution involves matters relating to policy formulation or any other matter within the Board's authority, refers such issues to the Board;
- iii. Consults with Office of General Counsel and the Board to determine whether resolution to audit recommendations involves policy formulation;
- iv. Initiates and signs formal comments on OIG and GAO draft reports, following input and majority vote from the Board per 7.B. below;
- v. Within 30 days of receipt of the OIG Semi-annual Report, transmits a report to Congress on significant recommendations from previous OIG reports where progress to implement audit recommendations has not been made for more than one year from the date of management decision, together with an explanation of delays.

B. Board

- i. When necessary, determines whether resolution to audit recommendations

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involves policy formulation, in accordance with Section 1.4(A) of the Board Procedures;

- ii. Approves responses to OMB and congressional committees regarding recommendations in final reports from GAO, via the voting process;
- iii. Resolves differences between OIG or GAO and DNFSB, and approves the (DNFSB) final response, via the voting process, when resolution of a recommendation includes matters involving policy formulation or any other matter within the Board's authority; and
- iv. Provides input and votes on formal comments for OIG and GAO reports, as appropriate.

### C. General Manager (GM)

- i. Serves as the Audit Follow-up Official with the responsibility of ensuring that:
  1. Systems of audit follow up, resolution, and corrective action are documented and in place;
  2. Responses to all audit reports are complete, timely, and in accordance with the accompanying operating procedures;
  3. Disagreements with OIG or GAO with regard to recommendations contained in OIG or GAO audit reports are resolved;
  4. Ensures that OIG Semi-annual reports are provided to the Board.
- ii. Ensures development of the OP necessary to implement this Directive;
- iii. Ensures that DNFSB officials understand the value of the audit process and are responsive to audit recommendations;
- iv. Ensures development and transmittal of comments on draft audit reports in accordance with the accompanying operating procedures; and
- v. Approves the completed audits selected for the internal follow-up review conducted by the Audit Liaison.

### D. Deputy General Manager (DGM)

- i. Oversees the Audit Liaison's management of DNFSB's activities with OIG, the audit process, and resolution of audit report recommendations;
- ii. Provides final review and clearance of responses to OIG and GAO reports and recommendations prior to submission to OIG and GAO, except for responses that involve policy formulation;
- iii. Oversees the staff resolution and completion of corrective actions taken in response to audit recommendations; and
- iv. Ensures that appropriate agency actions are taken to address findings raised in

audit reports when they involve any matter within the Board's authority, such as policy formulation.

E. Audit Liaison

- i. Manages DNFSB, OIG, and GAO audits, including coordinating and facilitating entrance and exit conferences, information requests, DNFSB staff comments on draft reports, and status updates;
- ii. Ensures that audit report recommendations are resolved and tracked through completion;
- iii. Ensures that corrective actions are assigned, and that OIG and GAO are advised of actions taken relative to audit report recommendations;
- iv. Supports and coordinates with Office Directors and staff for timely response to requests, findings, and recommendations resulting from audits;
- v. Conducts internal follow-up reviews of completed audits to ensure corrective actions are complete and effective, and to identify trends and system-wide problems;
- vi. Maintains the OP; and
- vii. Provides the GM and DGM with monthly status reports on all audit recommendations.

F. Office Directors or Designees

- i. Fully participate in and provide information for audits, as requested;
- ii. Develop and provide the Audit Liaison with timely responses and action plans to implement corrective actions within their purview for inclusion into the DNFSB response to the final audit reports; and
- iii. Ensure corrective actions within areas of responsibility are prioritized, assigned, and implemented.

G. General Counsel

- i. When necessary, consults with other Federal agencies regarding GAO requests for documents originating with those agencies;
- ii. Resolves disagreements between GAO and DNFSB regarding requests for information;
- iii. When necessary, consults with DNFSB management to establish the legal basis for a management decision to disagree with an audit recommendation;

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- iv. Assists the Chairman and the Board in determining whether a recommendation involves a policy matter, as needed; and
  - v. Reviews formal comments on draft audit reports.
- H. Employees shall fully cooperate with audits as requested. Cooperation with GAO and OIG is required from all DNFSB employees, and no one may prohibit or interfere with GAO's or OIG's work.

8. **CONTROLS AND MEASURES.** Controls and measures shall be specified in the accompanying OP.

9. **REFERENCES.**

- A. OMB Circular A-50, *Audit Follow-up*, dated September 29, 1982.
- B. Legislative Reorganization Act of 1970 (Pub. L. No. 91-510, 84 Stat. 1140), § 236, as codified at 31 U.S.C. § 720, specifies reporting requirements for GAO reports.
- C. Inspector General Act of 1978, as amended (5 U.S.C. App.).
- D. Consolidated Appropriations Act for Fiscal Year 2014 (Pub. L. No. 113-76, 128 Stat. 5, 182).
- E. The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. No. 113-291, 128 Stat. 3292, 3902).
- F. Defense Nuclear Facilities Safety Board Procedures dated August 2015.

10. **DEFINITIONS.**

- A. **Audit** – A planned and documented activity performed using accepted auditing practices to determine by investigation, examination, or evaluation the adequacy of programs and activities, including their effectiveness, economic use of resources, and compliance with established procedures, laws, and regulations. Audit reports that may be generated as a result of an audit include the following:
  - i. **Draft Audit Report** – A report issued at the conclusion of audit activities and provided to the DNFSB for review and comment. The audit organization may modify the draft report based on its assessments of the comments received.
  - ii. **Final Audit Report** – A report of record of the audit. Reports may include audits performed by internal or external auditors and may contain monetary and nonmonetary recommendations. This report incorporates, as appropriate, any necessary revisions to the facts, conclusions, and recommendations included in the draft audit report, based on the discussion at the exit conference or generated from written comments provided by the agency. Written comments are included as an Appendix to the final audit report.

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Some audits are sensitive and/or classified, and such final audit reports are not made available to the public.

- B. **Corrective Action** – Measures taken to implement resolved audit findings and recommendations. When proposed, corrective actions must include an anticipated date for completion.
  - C. **Resolution** – For OIG audits, this is the point at which OIG and DNFSB agree on the action to be taken on reported findings and recommendations; or, in the event of disagreement, the point at which the Audit Follow-up Official determines the matter to be resolved. For GAO audits, this is the point at which the DNFSB responds to Congress, as required by the Legislative Reorganization Act of 1970 (31 U.S.C. § 720).
  - D. **Responses** (to audit reports) – Written comments by the appropriate Office Director or designated staff indicating agreement or disagreement on reported findings and recommendations. Comments indicating agreement on final reports include planned corrective actions and dates for achieving actions. Comments indicating disagreement explain fully the reasons for disagreement. Where disagreement is based on an interpretation of law, regulation, or the authority of officials to take action, the response should include the legal basis.
11. **CONTACT**. Address questions concerning this Directive to the Office of the General Manager.

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Joyce L. Connery  
Chairman

**AFFIRMATION OF BOARD VOTING RECORD**

**SUBJECT: Directive OIG and GAO Audits**

**Doc Control#2016-300-026**

The Board, with Board Member(s) Joyce L. Connery, Jessie H. Roberson, Sean Sullivan, Daniel J. Santos, Bruce Hamilton *approving*, Board Member(s) none *disapproving*, Board Member(s) none *abstaining*, and Board Member(s) none *recusing*, have voted to approve the above document on October 17, 2016.

The votes were recorded as:

	APRVD	DISAPRVD	ABSTAIN	NOT PARTICIPATING*	COMMENT	DATE
Joyce L. Connery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10/17/16
Jessie H. Roberson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10/13/16
Sean Sullivan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10/13/16
Daniel J. Santos	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10/13/16
Bruce Hamilton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10/13/16

\*Reason for Not Participating:

This Record contains a summary of voting on this matter together with the individual vote sheets, views and comments of the Board Members.



Executive Secretary to the Board

Attachments:

1. Voting Summary
2. Board Member Vote Sheets

cc: Board Members  
 OGC  
 OGM Records Officer  
 OTD

**DEFENSE NUCLEAR FACILITIES SAFETY BOARD**  
**NOTATIONAL VOTE RESPONSE SHEET**

**FROM:** Joyce L. Connery


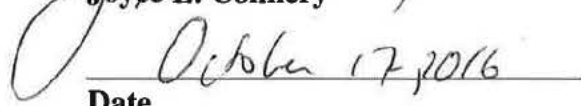
**SUBJECT:** Directive OIG and GAO Audits

**Doc Control#2016-300-026**

**Approved**  **Disapproved**  **Abstain**

**Recusal - Not Participating**

**COMMENTS:** **Below**  **Attached**  **None**

  
\_\_\_\_\_  
**Joyce L. Connery**  
  
\_\_\_\_\_  
**Date**



**DEFENSE NUCLEAR FACILITIES SAFETY BOARD**  
**NOTATIONAL VOTE RESPONSE SHEET**

**FROM:** Jessie H. Roberson

**SUBJECT:** Directive OIG and GAO Audits

**Doc Control#**2016-300-026

**Approved**

**Disapproved**

**Abstain**

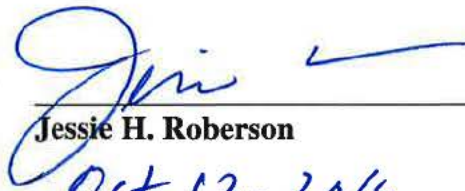
**Recusal - Not Participating**

**COMMENTS:**

**Below**

**Attached**

**None**

  
\_\_\_\_\_  
**Jessie H. Roberson**  
Oct 13, 2016  
\_\_\_\_\_  
**Date**

**DEFENSE NUCLEAR FACILITIES SAFETY BOARD  
NOTATIONAL VOTE RESPONSE SHEET**

**FROM:** Sean Sullivan

**SUBJECT:** Directive OIG and GAO Audits

**Doc Control#2016-300-026**

**Approved**  **Disapproved**  **Abstain**

**Recusal - Not Participating**

**COMMENTS:** **Below**  **Attached**  **None**



Sean Sullivan

10/13/16

Date

**Shelby Qualls**

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**From:** Daniel J. Santos  
**Sent:** Thursday, October 13, 2016 4:47 PM  
**To:** Lotus Smith; Shelby Qualls  
**Subject:** RE: Notational Vote: Doc#2016-300-026 Directive OIG and GAO Audits

Approved.

**From:** Lotus Smith  
**Sent:** Thursday, October 13, 2016 2:46 PM  
**To:** Bruce Hamilton <[REDACTED]>; Daniel J. Santos <[REDACTED]>; Jessie Roberson <[REDACTED]>; Joyce Connery <[REDACTED]>; Sean Sullivan <[REDACTED]>  
**Cc:** ExSec <[REDACTED]>  
**Subject:** Notational Vote: Doc#2016-300-026 Directive OIG and GAO Audits

This email is an electronic record of Notational Vote. Voting ballot will follow shortly. Also, accepting electronic votes.

**DEFENSE NUCLEAR FACILITIES SAFETY BOARD  
NOTATIONAL VOTE RESPONSE SHEET**

**FROM:** Members of the Board  
**SUBJECT:** Directive OIG and GAO Audits

**DOC# 2016-300-026**

The following amendments [Doc#2016-300-026A, 026B and 026C] have been incorporated in this final version. A RLSO .docx version is also attached to see changes made to the final document.

**Approved** \_\_\_\_\_  
**Disapproved** \_\_\_\_\_  
**Abstain** \_\_\_\_\_  
**Recusal – Not Participating** \_\_\_\_\_

**COMMENTS:**  
**Below** \_\_\_\_\_  
**Attached** \_\_\_\_\_  
**None** \_\_\_\_\_

Lotus Smith  
Executive Secretary  
Office of the Chairman  
Defense Nuclear Facilities Safety Board  
625 Indiana Ave, NW, STE 700  
Washington, DC 20004

**DEFENSE NUCLEAR FACILITIES SAFETY BOARD**  
**NOTATIONAL VOTE RESPONSE SHEET**

**FROM:** Bruce Hamilton

**SUBJECT:** Directive OIG and GAO Audits

**Doc Control#2016-300-026**

**Approved**  **Disapproved**  **Abstain**

**Recusal - Not Participating**

**COMMENTS:** **Below**  **Attached**  **None**

  
**Bruce Hamilton**

13 OCT 2016  
**Date**