



Audit of the U.S. Nuclear Regulatory Commission's Uranium Recovery Licensing Process

OIG-24-A-05
February 21, 2024



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MEMORANDUM

DATE: February 21, 2024

TO: Raymond V. Furstenau
Acting Executive Director for Operations

FROM: Hruta Virkar, CPA /*RA*/
Assistant Inspector General for Audits

SUBJECT: AUDIT OF THE U.S. NUCLEAR REGULATORY
COMMISSION'S URANIUM RECOVERY LICENSING
PROCESS (OIG-24-A-05)

The Office of the Inspector General (OIG) conducted this audit to determine if the U.S. Nuclear Regulatory Commission (NRC) has effectively implemented actions to improve uranium recovery licensing efficiency that the agency described in a report to Congress required by the Nuclear Energy Innovation and Modernization Act (NEIMA).

The OIG found that the NRC has updated several processes and implemented new guidance to improve licensing efficiency in uranium recovery. However, the OIG was unable to verify if the new processes and guidance have improved licensing efficiency due to the lack of recent uranium recovery applications or amendments; therefore, the OIG makes no recommendations.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 301.415.1982 or Mike Blair, Team Leader, at 301.415.8399.

Attachment:
As stated

cc: J. Martin, Acting ADO
T. Govan, Acting DADO
J. Jolicoeur, OEDO

BACKGROUND

The United States' ability to produce a domestic supply of uranium quickly and efficiently is important to reduce reliance on uranium imports from foreign countries, including Russia. The uranium recovery process involves removing uranium from the earth and milling it to produce a material that becomes the basis of nuclear fuel. The U.S. Nuclear Regulatory Commission's (NRC) goal has been to review uranium recovery license applications, license-renewal applications, and amendment requests in 36 months. However, since 2007, the average time for NRC staff to issue new U.S. uranium recovery facility licenses has been approximately 41 months, and since 2006, the average time to renew uranium recovery licenses has been 62 months.

In 2019, Congress enacted the Nuclear Energy Innovation and Modernization Act (NEIMA). Section 201 of NEIMA required that the NRC submit a report to Congress making recommendations on how the agency can improve the efficiency of its uranium recovery license issuance and amendment reviews.

OBJECTIVE AND RESULTS

The audit objective was to determine if the NRC has effectively implemented actions to improve uranium recovery licensing efficiency.

The NRC told the OIG that it has implemented several actions to improve its uranium recovery licensing efficiency based on a 2017 self-assessment. For example, the NRC has standardized its pre-application activities, acceptance review process, safety evaluation templates, and its request for additional information guidance and process. The NRC also stated it enhanced planning and scheduling processes and created a prioritization system for new applications. Furthermore, in 2021, the NRC developed an office procedure to provide guidance to staff for meeting the goal of completing major licensing actions for uranium recovery projects in an efficient and timely manner. However, due to the absence of recent uranium recovery license applications and amendment requests in states that the NRC oversees,¹ the OIG was unable to verify if these agency actions have been effective.

¹ Currently, the NRC regulates three uranium recovery licensees, whose operations are in New Mexico, South Dakota, and Nebraska.

The OIG also contacted several Agreement States² that oversee uranium recovery licensees to compare their licensing processes with the NRC’s process. However, the lack of recent uranium recovery licensing activity also extends to the Agreement States, as the state of Wyoming oversees the only active U.S. uranium recovery licensees not regulated by the NRC,³ and Wyoming has not had any uranium recovery license applications or amendment requests since it became an Agreement State in 2018.

AGENCY COMMENTS

Agency management reviewed the discussion draft version of this report and did not have comments. The NRC waived the exit conference with the OIG on February 9, 2024.

SCOPE AND METHODOLOGY

Scope

This audit focused on the NRC’s process for uranium recovery licensing, specifically the agency’s efforts to make the process more efficient. We conducted this performance audit at NRC headquarters in Rockville, Maryland, from June 2023 to January 2024.

Internal controls related to the audit objective were reviewed and analyzed. Specifically, the OIG reviewed the components of the control environment, risk assessments, control activities, information and communication, and monitoring. Within those components, the OIG reviewed the principles of establishing structure; assigning responsibility and delegating authority to achieve the NRC’s objectives; identifying, analyzing, and responding to risks related to achieving the defined objectives; designing control activities, including policies for achieving management objectives and responding to risks; internally and externally communicating the necessary quality

² Agreement States are states that have entered into an agreement with the NRC to regulate certain nuclear materials.

³ Though the NRC is not the official regulator of Wyoming’s uranium recovery program, the NRC does retain a leadership and oversight role through its Integrated Materials Performance Evaluation Program (IMPEP). IMPEP is a performance evaluation process that provides the NRC and Agreement States with systematic, integrated, and reliable evaluations of the strengths and weaknesses of their respective radiation control programs and identification of areas needing improvement.

information; and, remediating identified internal control deficiencies on a timely basis.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

The audit was conducted by Mike Blair, Team Leader; Diane Parker, Audit Manager; Janelle Davis, Senior Auditor; Martin Pane, Intern; and Bill Schuster, Senior Technical Advisor.

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COMMENTS AND SUGGESTIONS

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In addition, if you have suggestions for future OIG audits, please provide them using this [link](#).

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