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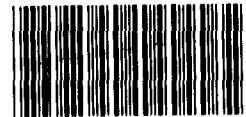
Testimony

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Proposal to Establish a
Statutory Inspector General Within
the Nuclear Regulatory Commission

Statement of
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Before the
Subcommittee on Energy
and the Environment
Committee on Interior and
Insular Affairs
House of Representatives



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Mr. Chairman and Members of the Subcommittee:

We appreciate this opportunity to appear before you today to summarize the results of our recent investigation into the adequacy of the Nuclear Regulatory Commission's (NRC) probes of alleged staff misconduct by the NRC's Office of Inspector and Auditor (OIA). Our work should prove useful to the Subcommittee as it addresses the need for a statutory Inspector General (IG) within the Nuclear Regulatory Commission.

As you know, statutory IGs have already been instituted in 19 federal departments and agencies. These IGs were created as a direct result of bipartisan congressional efforts. The Congress recognized the necessity to create Inspectors General to combat fraud, waste, and abuse, and to correct deficiencies within the federal audit and investigative community. This recognition prompted the Congress to pass the Inspector General Act of 1978 and other legislation that called for the establishment of statutory IGs.

In 1981, GAO recommended that the Congress consider establishing an Inspector General within the NRC. In its 1981 review, GAO found that the Commission had a critical need for a more independent audit and internal investigative unit. At

that time, we reported that several incidents had heightened the need to enhance public trust in the regulation of commercial nuclear power, and the desire for greater oversight of NRC activities. Incidents that GAO cited included the accident at the Three Mile Island Nuclear Power Plant and other problems, such as the safe disposal of nuclear waste.

Recently, we were requested to evaluate the NRC's handling of 3 matters that led the Senate Committee on Governmental Affairs to question whether the NRC's Office of Inspector and Auditor had the independence, authority, and competence necessary to perform effectively. In a moment, I will share with you our general findings. They further demonstrate the need for an NRC Inspector General. They also indicate how much independence, authority, and competence an NRC Inspector General will require.

In the first case that we reviewed we discovered that a supervisor-employee conflict had been elevated to the highest levels of the NRC. This occurred because OIA failed to provide NRC's management with a proper perspective of the issue. Senior officials attempting to perform their duties in a responsible, vigorous manner suffered greatly as a result of these inadequate investigative procedures.

In another case that we were asked to review, we discovered that OIA failed to interview a party to an alleged wrongful conversation between officials at the Tennessee Valley Authority and the NRC. This again caused undue criticism as well as allegations of misconduct to be directed against a senior NRC official. Such fallout ultimately proved disruptive to the NRC's operation.

In the final matter that we were asked to review, we discovered that one of the commissioner's offices was selected to investigate an allegation of impropriety against itself. Properly handled, this matter should have been referred to OIA. The allegation concerned a regulated utility having access to internal NRC documents. When the matter was brought to the NRC's attention, no one at the Commission made the appropriate referral to OIA. The NRC's handling of this matter might have jeopardized any possibility of determining if a utility had an unauthorized source within the NRC. Predictably, GAO discovered that the investigation was poorly conducted and failed to achieve its goals.

I'd like to close today with some final thoughts concerning the NRC's need for a statutory Inspector General.

The NRC holds the responsibility of regulating and licensing nuclear facilities and materials. It is also charged with conducting research in support of this responsibility.

In view of its mission and the public trust placed therein, the NRC must maintain a strong, competent investigative unit. This professionally staffed unit must be given the independence to pursue wrongdoing, even if the findings reflect adversely on the image of the NRC.

A statutory Inspector General within the NRC would ensure that both the Congress and the agency are provided with independent assessments of operations for which they are accountable or have oversight.

Mr. Chairman, this concludes my statement. We will be pleased to respond to any questions that you may have at this time.