

**2002 Report of the Canadian Nuclear Safety Commission in response to
The Report of the Auditor General entitled
*Canadian Nuclear Safety Commission – Power Reactor Regulation***

This document has been prepared by the Canadian Nuclear Safety Commission (CNSC) to report on its progress in acting on the findings of the Office of the Auditor General (OAG) in its value for money (VFM) audit of the CNSC released February 6, 2001. At the time of the audit, the CNSC had provided a work plan to address the audit findings.

This report can be found on CNSC's website at:
<http://www.nuclearsafety.gc.ca/>

The OAG report contains 6 sets of recommendations. The full OAG report may be found at:

[http://www.oag-bvg.gc.ca/domino/reports.nsf/html/0027ce.html/\\$file/0027ce.pdf](http://www.oag-bvg.gc.ca/domino/reports.nsf/html/0027ce.html/$file/0027ce.pdf)

This CNSC report:

- reproduces the OAG recommendation;
- reproduces the CNSC's published comment;
- reproduces the actions and timelines in the CNSC's action plan, February 2001;
- reports on CNSC action taken in the past year/current status; and,
- reports on planned future CNSC actions to address the findings.

27.23 OAG Recommendation

The Canadian Nuclear Safety Commission (CNSC) should implement a quantifiable rating of safety performance, taking into account the safety-related portion of other systems used in the industry, and should use this rating, along with a more rigorous and integrated risk assessment and other qualitative information, to systematically determine the level and type of regulatory effort required.

27.23a CNSC response included in OAG Report

The CNSC undertakes the regulation of safety performance by committing to a comprehensive program of regulatory oversight activities. The CNSC agrees that quantifiable ratings of licensee performance could, as part of an integrated risk assessment process, support the determination of priorities, and the level and type of regulatory effort that is deployed for different regulatory activities. The CNSC will evaluate options for such approaches.

27.23a CNSC Action Plan, February 2001

- *CNSC will have completed its investigation on quantitative and qualitative safety indicators and improved its use of all indicators (March 2003)*
- *CNSC planning and budgeting processes will be integrated and resource allocation will be risk-based. (End of 2003)*

27.23a CNSC progress to date, February 2002

- Staff have completed a review of the uses currently being made of safety performance indicators by the CNSC and other nuclear regulators. That report was used in preparation of CMD-02-M5 (see Section 27.23b below).
- A reorganization in June 2001 placed responsibility for both planning and budgeting under the Vice-President, Corporate Services, CNSC. The use of risk assessment in determining effort and budget is being piloted in one directorate in 2002-03, with full implementation of the risk-based effort/budget linkage over the subsequent two years.
- A risk-based management framework is being drafted and, after piloting and refinement, it will be instituted across the new Operations Branch.

27.23a Planned CNSC Future Action

- The revised compliance program that will commence in April 2002 will incorporate a regular reporting system that will indicate to management CNSC staff's performance in carrying out the program as well as the findings of the program with respect to licensees' performance. Combined with ongoing work on risk-based decision making, this will be important information for budgeting and resource allocation.
- Experience gained over the next fiscal year will be used to further integrate the planning, budgeting and reporting processes over the following two years.

27.23b OAG Recommendation

CNSC should also clarify the meaning of its performance ratings ("acceptable", "conditionally acceptable" and "unacceptable") and better integrate its findings to ensure that a licensee's overall performance is clearly understood and communicated.

27.23b CNSC response included in OAG Report

The CNSC agrees that rankings of "acceptable", "conditionally acceptable", and "unacceptable" need to be clarified to enable consistent application and effective communication of licensee's overall safety performance. A review of the use of these rankings has already been initiated with a target for completion by fall 2000.

27.23b CNSC Action Plan, February 2001

- *An improved performance rating system for nuclear power safety in Canada will be in use. (End of 2001)*

27.23b CNSC progress to date, February 2002

An improved system for rating licensee safety performance was made publicly available in a document provided to Commission members (CMD 02-M5, January 17, 2002). This system is now being implemented by staff in their assessment of licensing applications.

27.23b Planned CNSC Future Action

This action is completed. The CNSC's policy of continuous improvement will involve further enhancements that may be applied as experience is gained with the current system.

27.28a OAG recommendation

To ensure that its regulations are transparent and predictable to staff, licensees and the public, the CNSC should, with all due haste, finish developing the regulatory documents that set out the requirements by which licensees will be assessed.

27.28a CNSC response included in OAG Report

The CNSC agrees that there is a need to accelerate the development of a number of regulatory policies, standards and guides. Specific objectives for this work are set out in the CNSC's Strategic Plan 2000. To achieve ordered progress in this area, senior staff members have been taken off-line and assigned full-time to the development of the regulatory framework, and a committee has been set up to establish the priorities for work on regulatory documents.

27.28a CNSC Action Plan, February 2001

- *CNSC regulatory framework and fundamental policies will be complete and requirements and priorities for associated policies, standards and guides will be identified. (September 2001)*
- *All key regulatory policies and standards will be in place. (March 2003)*
- *All key regulatory guides will be issued for public comment. (March 2003)*

27.28a CNSC progress to date, February 2002

A change in the priority of work required as a result of the events of September 11, 2001 resulted in decisions to delay completion of the regulatory framework and requirements. However;

- The new Office of Regulatory Affairs has responsibility for the CNSC's overall regulatory framework.
- The Restructuring of January 2002 creates a single Operations Branch which will take an integrated approach to its regulatory standards-setting process. The responsibility for producing regulatory documents has been integrated into CNSC line operations.
- The Operations Branch has already developed a new process to produce regulatory documents which will be implemented in 2002 and beyond. The new process will reduce the time and cost to develop these documents and improve their usefulness.
- The regulatory document framework is under development.
- New regulatory documents continue to be published or approved for publication.

27.28a Planned CNSC Future Actions

- Steps are underway to implement the new process including;
 - a mechanism to ensure appropriate consultation with licensees and stakeholders on regulatory document needs,
 - the development of work plans for key regulatory documents, and
 - the establishment of a process to determine risk-informed priorities for regulatory documents.
- The required regulatory document framework will be completed and key regulatory documents identified within that framework by December 2002.
- Key regulatory policies, standards and guides will be published in accordance with risk-informed priorities, the new process, and their respective workplans.

27.28b OAG recommendation

It should also implement its compliance and enforcement policy.

27.28b CNSC response included in OAG Report

Among the activities that are already in progress is a comprehensive program that is dedicated to the implementation of the compliance and enforcement policy.

27.28b CNSC Action Plan, February 2001

- *The CNSC Compliance Policy will be published and a period of trial use of the Compliance Program Manual will be completed. (March 2002)*
- *All involved staff will have received training on the Compliance Program and relevant documentation will be complete. (End of 2002)*

27.28b CNSC progress to date, February 2002

- The CNSC Compliance Policy (P-211) was published in May 2001.
- The compliance legal basis and all CNSC compliance promotion, verification and enforcement strategies are documented as are the compliance activity plans for 2002. The program is completely documented for implementation.
- A program manual will be published once there has been further experience with the compliance program. (After first year review, June 2003)

27.28b Planned CNSC Future Actions

- CNSC compliance activities will be implemented in accordance with strategies, commencing April 2002.
- All CNSC staff with routine compliance responsibilities will have their training in inspection practices and investigation techniques updated to align with the specifics of the compliance program by December 2002.

27.40 OAG Recommendation

The CNSC should develop a human resource planning process that profiles present internal resources and forecasted needs, identifies historical, present and potential attrition rates, and assesses the implications of various policies on the distribution and movement of employees. It should update the human resource plan regularly and link it to the maintenance and administration of a formal plan for recruitment.

27.40 CNSC response included in OAG Report

The CNSC recognizes that in the past, human resources planning may not have been conducted as rigorously as it should have been. The CNSC agrees with the intent of the recommendation and has already put into place a human resources planning process. The CNSC believes that its Strategic Plan has been very clear on this point, and it will endeavour to strengthen linkages between the strategic, corporate and budget planning processes and the human resources plan.

27.40 CNSC Action Plan, February 2001

- *A newly developed Orientation Program will be launched. (April 2001)*
- *Identification of successors for first line technical management positions will be completed. (August 2001)*
- *A comprehensive Human Resources Plan integrating various positions will be completed. (September 2001)*
- *A second round in the process of identifying successors for executive level positions will be completed. (December 2001)*
- *Demographic and attrition analysis of CNSC staff will be completed, starting with first line technical management positions. (December 2001)*
- *A pilot project to provide in-depth training to new graduates will be completed. (April 2003)*
- *We will continue to seek ways to stabilize CNSC funding at the necessary level. (Ongoing)*

27.40 CNSC progress to date, February 2002

One of the strategic directions of the 2001-06 Strategic Plan of the CNSC is to improve the manner in which we manage and sustain our workforce. Progress in this direction is based on the development of a workforce sustainability plan as a key strategy to attract and retain the excellent staff we need in order to become one of the world's best regulators.

A workforce sustainability strategy has been developed to address both recruitment and retention. Under the strategy, a number of initiatives have been undertaken which have made a significant contribution addressing the recruitment and retention of staff. In April 2001, improved compensation measures were implemented for scientific and engineering staff. A new orientation program was introduced in May 2001 and has been well received by both managers and new employees.

An internship program was launched that resulted in the successful hiring of eight (8) university graduates through an on-campus recruiting campaign in June 2001.

In an effort to support nuclear education programs, the CNSC has committed funding over the next 5 years to support the Canadian Universities Network of Excellence in Nuclear Engineering.

Steps have been taken to improve the leadership capacity within the CNSC. Succession planning and development programs were designed and implemented for all levels of management. These programs focused on strengthening the leadership capacity of management by providing targeted learning opportunities and selecting managers for their leadership/management skills.

In May 2000, 54 vacancies were reported representing a 12% overall vacancy rate. As of December 2001, the overall vacancy rate had been reduced to 7% representing a reduction of 42% in the number of staff vacancies. Within the reactor business line, the vacancy rate has been reduced from the 8% reported in May 2000 to 4.2%.

27.40 Planned CNSC Future Actions

- The CNSC will continue to implement the initiatives outlined in its workforce sustainability plan and monitor progress in this regard.
- Position descriptions will be revised and performance contracts will be established for Executive Committee. (June 2002)
- Position descriptions for all executive levels will be revised in light of experience gained with the new roles. (see 27.45a below) (April 2003)

27.45a OAG Recommendation

The CNSC should clarify the roles and accountabilities for planning and integrating regulatory activities and reporting on licensee performance, and communicate them internally and to licensees.

27.45a CNSC response included in OAG Report

The CNSC agrees that, to improve accountability and regulatory effectiveness, effort is needed to improve the implementation of the roles and responsibilities for planning and integrating regulatory activities and reporting on licensee performance. A review of roles and responsibilities has been planned. It will be followed by action to communicate and manage implementation of the resultant responsibility framework.

27.45a CNSC Action Plan, February 2001

- *Roles and responsibilities of all operational CNSC divisions will be reviewed, fully documented, and communicated to staff and licensees. (September 2001)*
- *A procedures manual will be in use by all CNSC staff involved in nuclear power reactor licensing. (March 2003)*

27.45a CNSC progress to date, February 2002

Rather than reviewing the roles and responsibilities of individual divisions, a fundamental review of CNSC organizational structure was undertaken. The resulting restructuring occurred in two phases.

In Phase I, the roles and responsibilities of the Secretariat and Corporate Services, and Audit and Evaluation function and oversight, were clarified. In addition, an Office of Regulatory Affairs, with responsibility for overall coordination of regulatory policy and direction, has been created. In addition, an Office of International Affairs has been created with responsibility for ensuring the CNSC meets its international non-proliferation obligations as well as overall coordination and monitoring of the CNSC's international activities.

In Phase II of the restructuring, announced in January 2002, a Vice-President of Operations was appointed with responsibility and accountability for the five newly created operational directorates: three directorates have clear line responsibilities for single window delivery of specific licence types, one directorate has primary responsibility for support analysis and assessment and a fifth directorate has been established to deliver operating strategies and coordination. Further information on the restructuring is available on the CNSC website at www.nuclearsafety.gc.ca.

27.45a CNSC Planned Future Action

Roles and responsibilities of all operational CNSC divisions will be reviewed, fully documented, and communicated to staff and licensees. (June 2002)

27.45b OAG Recommendation

In addition, it should consider separating the role of chair from that of chief executive officer.

27.45b CNSC response included in OAG Report

The Separation of chair and CEO is not our preferred solution to some of the issues raised. However, we will take it into consideration in addition to other options.

27.45b CNSC Action Plan, February 2001

- *A review of the current responsibilities of the CEO and President was completed for development of the NSC Act. The newly appointed President and CEO took up her duties on January 1, 2001. No changes are currently foreseen.*

27.45b CNSC progress to date, February 2002

The restructuring noted in 27.45a has emphasized the separation of the role of the CNSC staff from that of the Secretariat and therefore the separation of advice to the President from the operating advice to the CEO. The role of the Secretariat is support for the President and the Commission. Changes to the functions and guidelines for the Commission have reinforced the separate role of the President. In addition, the restructuring of the operational directorates provides for the President to focus more on the strategic role of the position as opposed to the CEO's role of day-to-day management of the regulatory functions.

27.45b CNSC Planned Future Action

None.