

**2003 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) 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, and last year's, can be found on CNSC's website at:
<http://www.nuclearsafety.gc.ca/>

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 second CNSC progress report:

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

In summary; the CNSC considers that it has benefited substantially from the Auditor General's report recommendations. Major steps have been taken to address the seven recommendations. Specifically, two recommendations have been completed; five are substantially complete and remaining action is being rolled into the CNSC's program of continuous improvement.

OAG RECOMMENDATION 27.23A

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.

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.

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)*

CNSC progress to date, February 2003

Major progress has been made in the implementation of a risk based approach to planning, budgeting and resource allocation.

Within the CNSC Operations Branch, an integrated risk management approach to resource allocation is established and is being implemented in three phases to cover all service lines in the Operations Branch. It is anticipated that the approach will be fully implemented by the start of FY 2005/06.

An accountability framework, integrating the development of regulatory plans and the estimation of program costs with the budgeting process and the requirements of the revised cost recovery program, was approved by CNSC management in August 2002, for implementation in the 2003-04 fiscal year.

The final report of the recently completed Modern Comptrollership capacity check, currently being reviewed by senior management, identifies a number of opportunities for more effectively integrating risk management with business planning, performance measurement and reporting.

Furthermore, the CNSC is participating in a pilot project being conducted by the Nuclear Energy Agency of the Organization for Economic Cooperation and Development to examine performance indicators for measuring efficiency and effectiveness in the regulation of power reactors. This pilot will be completed at the end of 2003.

Planned CNSC Future Action

The CNSC is developing an action plan to address the findings in the Modern Comptrollership capacity check report, taking into consideration the priorities, pressures and resources of the organization.

OAG RECOMMENDATION 27.23B

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.

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.

CNSC Action Plan, February 2001

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

CNSC progress to date, February 2003

This action is completed.

The improved rating scheme is in use in Commission Member Documents on the regulation on power reactors. The CNSC Report Card on Nuclear Power Plant Performance, as of September 2002, is posted on the CNSC website and will be updated on a regular basis.

Planned CNSC Future Action

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

OAG RECOMMENDATION 27.28A

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.

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.

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)*

CNSC progress to date, February 2003

The major reorganization of the CNSC, completed in 2002, has created some delay in the execution of this program. We are confident that the enhanced clarification accountability, combined with new process, will more than compensate for the delay over the next few years.

A regulatory document framework has been developed and work is underway to populate it with the key regulatory documents. This will be enhanced by a new process for producing regulatory documents which has been developed. It identifies clear accountabilities and controls. In addition, a CNSC team is finalizing the drafting of an initial set of fundamental policies.

The CNSC is participating in an initiative by the International Atomic Energy Agency (IAEA) to revise the IAEA's standards program with a view to developing global standards for the nuclear industry.

Planned CNSC Future Actions

Key regulatory policies, standards and guides will be published in accordance with risk-informed priorities, the new process, and their respective work plans.

OAG RECOMMENDATION 27.28B

It should also implement its compliance and enforcement policy.

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.

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)*

CNSC progress to date, February 2003

This program is in place and the action is substantially complete.

The CNSC Compliance Policy (P-211) has been published, its trial period completed and it is now in use. This policy along with documented compliance requirements, strategies, plans, standard report formats and other related documents constitute the documentation of the CNSC regulatory compliance program.

The new CNSC regulatory compliance program and risk-based approach was implemented in April 2002 and program reports covering the 2nd and 3rd quarters of 2002 have been submitted. The program is subject to continuous evaluation and improvement.

Planned CNSC Future Actions

The compliance program training for updating of skills of staff involved in compliance activities is underway and will be completed by the spring of 2003.

OAG RECOMMENDATION 27.40

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.

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.

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)*

CNSC progress to date, February 2003

The actions with specific target dates are complete or on target. The Human Resources Plan is now called the Workforce Sustainability Strategy. This strategy, developed to address both recruitment and retention, provides a number of initiatives which have made a significant contribution to addressing the recruitment and retention of staff. In June 2002, a workshop involving the entire CNSC management team validated initiatives and identified priorities and resource requirements. The Workforce Sustainability Strategy continues to be refined and updated as an evergreen document, thereby allowing the organization to address immediate and long-term issues.

The internship program launched in 2001 has been assessed and recommendations for improvement have been approved by Executive Committee. A second on-campus recruiting campaign, initiated in the Fall 2002, and on-going hiring have been adjusted based on these recommendations for improvement.

With input from a staff survey, the CNSC awards and recognition program has been redesigned. The new program was launched Fall 2002.

To strengthen leadership capacity, competency profiles for the management cadre are being updated and leadership learning curriculum is being developed. In addition, position descriptions for the executive cadre have been finalized and performance contracts established for the executive committee.

Planned CNSC Future Actions

The CNSC will continue to implement the initiatives outlined in its Workforce Sustainability Strategy, including succession planning, and will monitor progress in this regard.

The roll-out of performance contracts for the second tier of management will be completed in 2003-2004.

OAG RECOMMENDATION 27.45A

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.

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.

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)*

CNSC progress to date, February 2003

This action is substantially complete.

The role of CNSC divisions in Operations Branch have been reviewed and documented in Directorate mandate statements.

Licensees have been advised of the changes to the CNSC's organization and concomitant responsibilities.

This information as well as information on the organization, its internal policies and fundamental operating principles, is being assembled into a Management System Manual.

The CNSC is implementing a Management Model of sound management practices based on the National Quality Institute's Canadian Quality Criteria for Public Sector Excellence and taking into account additional sound management practices promoted by Central Agency initiatives such as Modern Comptrollership and Risk-Based Management.

CNSC Planned Future Action

The core processes of licensing and compliance are being mapped and documented to assist in further clarifying roles and responsibilities and to set the stage for measuring and improving performance. The mapping of these processes will be completed by the end of 2003.

The CNSC commits to ongoing implementation of validated core processes including staff awareness and training sessions. The CNSC will complete the Operations Management System Manual and will review the conduct of organizational assessments against the CNSC Management Model.

OAG RECOMMENDATION 27.45B

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

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.

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.*

CNSC progress to date, February 2003

This action is complete.

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.

CNSC Planned Future Action

No further action is planned at this time