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# **GAO Covert Testing of NRC Materials Licensing**

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**Organization of Agreement States  
August 10, 2023**



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# Government Accountability Office (GAO)

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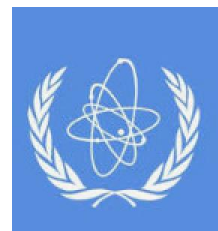
- GAO provides Congress, the heads of executive agencies, and the public with timely, fact-based, non-partisan information that can be used to improve government and save taxpayers billions of dollars.
- Our work is done at the request of congressional committees or subcommittees or is statutorily required by public laws or committee reports.

## Nuclear Portfolio at GAO

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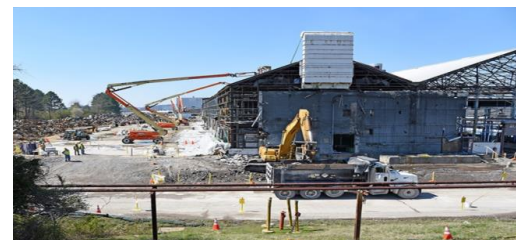
Nuclear weapons sustainment  
and modernization



Nonproliferation and arms  
control



Radiological security



Department of Energy acquisition  
and program management

# Radioactive Materials Security

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- GAO increased work on radioactive material security after September 11, 2001.
  
- Primary agencies audited: U.S. Nuclear Regulatory Commission (NRC), National Nuclear Security Administration (NNSA), and Department of Homeland Security (DHS).
  
- Portfolio primarily looks at:
  - Robust security for all high-activity rad sources.
  - Replacement of radioactive source-based devices with alternative technologies, where appropriate.
  - Ensuring radioactive materials are tracked and secured from theft or diversion.
  - Permanent disposal of disused radioactive sources.

## Past GAO Rad Security Investigations

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- In 2006, we demonstrated that it was possible to transport unlicensed radioactive material through ports of entry into the U.S. with a fraudulent license. (GAO-06-545R)
- In 2007, we established a shell company and obtained a valid NRC license that we altered to secure commitments to purchase a dangerous quantity of radioactive material. (GAO-07-1038T)
- In 2016, we established three shell companies and obtained a valid license from one of these companies that we altered to secure commitments to purchase a dangerous quantity of radioactive material. (GAO-16-330)



# Our Most Recent Work on Licensing of Radioactive Materials



United States Government Accountability Office

Report to the Chairman, Committee on  
Homeland Security, House of  
Representatives

July 2022

## PREVENTING A DIRTY BOMB

Vulnerabilities Persist  
in NRC's Controls for  
Purchases of High-  
Risk Radioactive  
Materials

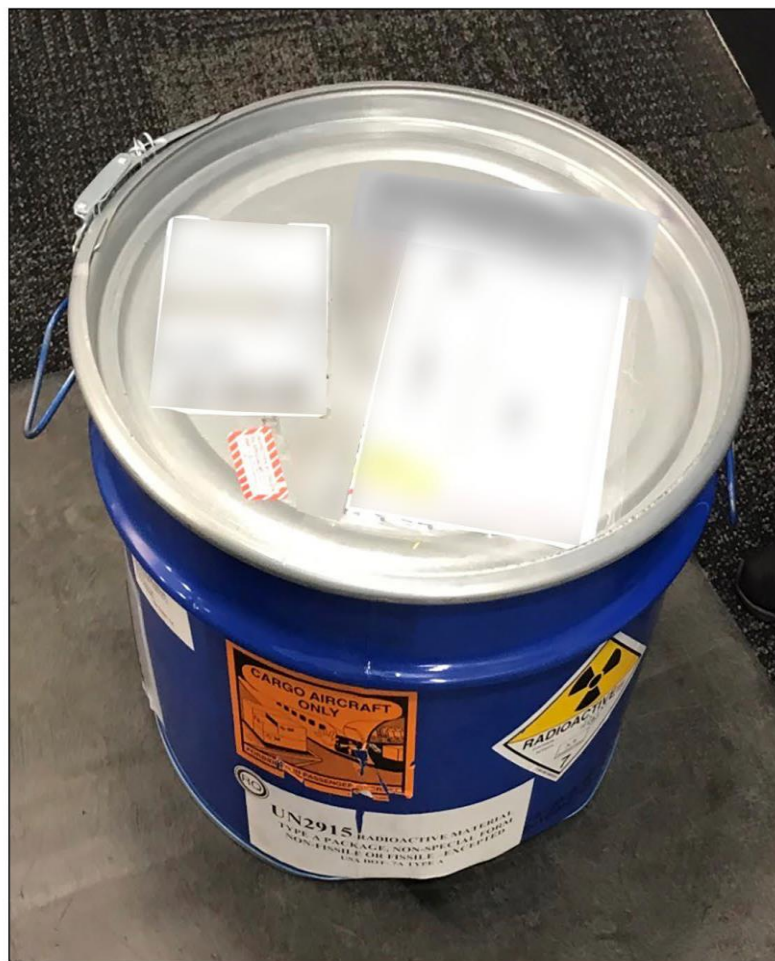
GAO-22-103441

## Report Background

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- Work undertaken for House Committee on Homeland Security.
- Built off work done in 2016 where we created a fake company to obtain a legitimate license for radioactive material, altered the license, and used it to obtain commitments to acquire material.
- Looked at the effectiveness of NRC's license verification system for ensuring high-risk radioactive materials are not purchased using a forged or altered license.
- SBU version of report that contains additional information.

## Photos of the High-Risk Radioactive Materials Purchased Using Fraudulent Licenses and Delivered to GAO's Shell Company (photos from November 2021 and March 2022)



Source: GAO. | GAO-22-103441



## Recommendations

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- NRC should immediately require that vendors verify category 3 licenses with the appropriate regulatory authority.
- NRC should add security features to its licensing process to improve its integrity and make it less vulnerable to altering or forging licenses.

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## NRC Response to GAO Investigations

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- Staff Requirements Memorandum issued on December 21, 2021 (currently being considered by the Commission).
- New rule would require (1) safety and security equipment to be in place before granting a license for an unknown entity, and (2) licensees transferring category 3 quantities of radioactive material to verify licenses through the Licensee Verification System (LVS) or by calling the Agreement State office.
- Rule would not require licensees to put information on category 3 sources into the National Source Tracking System (NSTS).

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# Not Everyone in the Federal Government Sees the Threat the Same Way

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- National Security Memorandum (NSM) to Counter Weapons of Mass Destruction (WMD) Terrorism and Advance Nuclear and Radioactive Material
- Signed by President Biden on March 2, 2023
- Memo calls for:
  - Robust security for all high-activity rad sources.
  - Replacement of radioactive source-based devices with alternative technologies, where appropriate.
  - Ensuring radioactive materials are tracked and secured from theft or diversion.
  - Permanent disposal of disused radioactive sources.

# Ongoing/Future Work

# Questions?