

JUL 31 1985

Docket No. 70-687

Union Carbide Corporation  
ATTN: Mr. James J. McGovern  
Business Manager, Radiochemicals  
P. O. Box 324  
Tuxedo, New York 10987

Gentlemen:

Subject: Inspection Report No. 70-687/84-05

This refers to your letter dated March 4, 1985, in response to our letter dated January 17, 1985.

Thank you for informing us of the corrective and preventive actions documented in your letter with respect to Item A. These actions will be examined during a future inspection of your licensed program.

We have reviewed the additional information you supplied in your letter with regard to Item B, which proposes that:

- ° It is not necessary for an auditor to look into every possible aspect of the function being audited so long as random, salient areas are looked at thoroughly.
- ° If a line manager or supervisor is twice removed from direct involvement in the function being audited, line managers or supervisors within a functional group should be considered as valid auditors.

Section 8.2 of the facility's Fundamental Nuclear Material Control Plan (FNMCP) requires that at least every twelve months the material control and accounting procedures and records be reviewed and audited by the Nuclear Safeguards Committee. The plan further requires that the individual(s) performing the audit be independent of nuclear material control management, measurement, or utilization. The plan also requires that the results of the annual review and audit, with appropriate recommendations, be reported in writing and forwarded to the Business Manager - Radiochemicals and the Nuclear Safeguards Committee.

With regard to your first proposal, we have discussed this matter with the staff of the NRC Office of Nuclear Material Safety and Safeguards (NMSS), who approved your FNMCP, and find that they understood, as did we, that the intention was that every function included in your FNMCP would be audited sometime during every twelve month period. However, not all functions need be given the same depth of coverage each time. The depth of coverage should be based on considerations such as evidence of problems in certain functions, changes in procedures, and the results of prior reviews and audits. Functions can be discretely grouped for purposes of a management review and audit; for example:

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Organization and Management; Internal Control, which might include storage and internal handling, tamperproofing, item identification and control, shipping and receiving control, scrap and waste control, and establishment of material balance and item control areas; Measurements System, including the measurement and sampling procedures and the measurement quality assurance program; Statistical Control, including statistical aspects of the measurement quality assurance program, shipper-receiver difference control and evaluation, and statistical methodology associated with measurement and material balance limits of error; Physical Inventory; and Records and Reports.

Other groupings could also be used, depending on the design and complexity of the system being reviewed and the disciplines represented on the review and audit team. Again, for example, the measurement and sampling procedures might be considered as a function separate from the measurement quality assurance program. The way in which the function is assigned for review is not particularly significant. It is important, however, that the assignment is such that all functions are covered during the review and audit.

With regard to your second proposal, full compliance with Section 3.2 of your FNMCP, in terms of the individuals involved with the review, means that neither the individual assigned the responsibilities defined by Section 8.2 of your FNMCP, nor any other individual assigned managerial or supervisory responsibilities within the Material Control and Accounting (MC&A) organizational structure shall take part in the review and audit. Likewise, no individual having any of the responsibilities outlined in Section 8.2 of your FNMCP shall be a member of the review and audit team (such as the individual assigned the responsibilities of 10 CFR 70.57(b)(1), measurement control program for special nuclear materials control and accounting) regardless of to whom this person reports.

In this connection, we find that you, the Business Manager - Radiochemicals, who conducted the audit which resulted in our identifying this as a violation during our inspection (70-687/84-05), are the supervisor of the individuals responsible for the functions audited, regardless of whether you are twice removed from those functions. Additionally, the plan names you as the recipient of the audit report, a further indication that the NRC considers you directly responsible for those functions in that you are the individual that the NRC expects will be responsible for correcting any identified deficiencies.

Therefore, we have concluded that your proposals are not consistent with the requirements of your FNMCP as approved by the NRC, and that the violation remains as cited.

Exceptions and exemptions may be considered for unique situations, such as a limited number of staff. For example, individuals having responsibilities outlined in Section 3.2 of the FNMCP may be involved in the review and audit if the particular function is not part of their work responsibility.

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If you wish to pursue modifications of the facility's plan in accordance with your proposals, you must submit such changes for review to the NRC under the provisions of 10 CFR 70.34.

Accordingly, please respond within 30 days of your receipt of this letter and advise us of the corrective actions that will be taken regarding this violation and the date when full compliance will be achieved. That response is not subject to the Paperwork Reduction Act of 1980.

Your cooperation with us is appreciated.

Sincerely,

Original Signed By:

Thomas T. Martin, Director  
Division of Radiation Safety  
and Safeguards

cc:


W. G. Ruzicka, Manager, Nuclear Operations  
D. D. Grogan, Manager, Radiochemical Production  
C. Konnerth, Manager, Health, Safety and Environmental Affairs  
Public Document Room (PDR)  
Local Public Document Room (LPDR)  
Nuclear Safety Information Center (NSIC)  
State of New York

bcc:

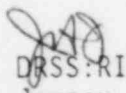
Region I Docket Room (with concurrences)  
~~Senior Operations Officer~~  
R. L. Jackson, NMSS

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DRSS:RI   
Keying

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DRSS:RI   
Joyner

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March 4, 1985

U. S. Nuclear Regulatory Commission  
Region 1  
631 Park Avenue  
Division of Engineering and Technical Programs  
King of Prussia, PA 19406

Attention: Mr. Thomas T. Martin, Director

SUBJECT: INSPECTION NO. 70-687/84-05 AND NOTICE OF VIOLATION

This letter is in response to the alleged violations cited in the subject notice. Our response to the violations is given below in the same order as they appear in the notice:

- A. All the people authorized to work with special nuclear material will be requalified within the next 60 days. This will be accomplished with a revised training manual which includes all of the new provisions in the recently renewed license. Our check of the training records revealed that two people lacked evidence of being trained in 1984. One person is a manager and we believe his record was inadvertently not updated although he was involved in the requalification. The other was an employee who left the company in 1984 and whose record was not removed from the active file.
- B. We do not fully agree with the violation regarding the audit function. Our method of conducting audits has been to look into specific areas of the functions being audited that, if not conducted properly, would have significant adverse impact on the accountability program. The inspector's criticism of the management review audit stated that it did not address three specific sections of the FNMC plan. We believe that the audit, as it was conducted, satisfied, both the intent and the specific requirement of the plan. The inspector also criticized the fact that a member of the of the line management organization conducted the audit. We believe that, although the person conducting the audit was in the line management of the organization and in this instance was the Business Manager, Radiochemicals, the auditor was sufficiently removed from the functions being audited to maintain its effectiveness. The audit report could be considered evidence of this, since several deficiencies were reported.

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We propose that, if a line manager or supervisor is twice removed from direct involvement in the function being audited, line managers or supervisors within a functional group should be considered as valid auditors. We also propose that it not be necessary for an auditor to look into every possible aspect of the function being audited so long as random, salient areas are looked at thoroughly. We believe this is a more effective way to assure compliance with both the intent and the better of the plan.

We request that the latter issue on the conduct of audits remain open pending further clarification and guidance from Region 1.

Very truly yours,

  
J. McGovern

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