



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

March 4, 1997

Mr. Roy P. Reindl, Branch Manager
ACCUTECH
A Division of B&G Manufacturing Co. Inc.
3873 W. Oquendo Road
Las Vegas, NV 89118

SUBJECT: NRC INSPECTION REPORT 99901307/96-01 AND NOTICES OF VIOLATION AND
NONCONFORMANCE.

Dear Mr. Reindl:

On January 30, 1997, The U.S. Nuclear Regulatory Commission (NRC) completed an inspection at the ACCUTECH Division of B&G Manufacturing Co. Inc. The enclosed report presents the results of that inspection.

During this inspection, the NRC inspectors found that certain of your activities appeared to be in violation of NRC requirements. Specifically, contrary to the requirements of 10 CFR 21.21 of the Code of Federal Regulations, you did not perform an adequate evaluation of certain deviations identified by your customers in order to determine their relationship to the conclusions of your previous evaluations and to determine whether any additional notifications were required. You also failed to identify the existence of additional potentially defective material that required an evaluation. In a separate instance, after your evaluation determined the existence of a defect, you failed to notify the NRC within the time limits required by the regulation. The failure to perform an adequate evaluation of potentially reportable conditions is of special concern since it is an essential part of the process that assures that NRC licensees are informed of situations where they may have been supplied with basic components that contain defects which could create a substantial safety hazard.

These violations are cited in the enclosed Notice of Violation (NOV), and the circumstances surrounding the violation(s) are described in detail in the enclosed report. You are required to respond to this letter and should follow the instructions specified in the enclosed NOV when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In addition, the NRC inspectors determined that the implementation of your quality assurance program failed to meet certain NRC requirements imposed on you by your customers. Specifically, for material supplied to the requirements of Section III of the ASME Code, you failed to provide your customers with all of the documentation as required by the ASME Code. Additionally, in at least one instance, your files did not contain documentation to show that all tests required by the material specification had been performed on material obtained from a supplier, or that the supplier of this material had been qualified to the ASME Code requirements.

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Further, for non-Code material supplied to the requirements of 10 Part CFR 50, Appendix B (Appendix B), the inspectors identified instances where the available documentation did not demonstrate that the material manufacturers had been surveyed and audited in accordance with the requirements of Appendix B. Although ACCUTECH performed limited physical testing of this material, the sampling plan used for this testing did not have a documented basis to demonstrate that this material was equivalent to material purchased from a supplier qualified to Appendix B requirements. The inspectors also determined that, contrary to your QA manual and implementing procedure requirements, there was no evidence to indicate that material and documents acquired from Cardinal Industrial Products as warehouse stock had been reviewed and approved before its sale by ACCUTECH as safety related material.

Additionally, the inspectors identified that you did not initiate a corrective action report for nonconformances described in NRC Report 99901076/94-01. Although the nonconformances were issued to Cardinal Industrial Products, corrective actions, including correspondence with the NRC continued after B&G's acquisition of the company and ACCUTECH continued to supply material using processes (sampling) related to a previously identified nonconformance. This nonconformance (99901076/94-01-03) is considered open and needs additional response from ACCUTECH.

These nonconformances are cited in the enclosed Notice of Nonconformance (NON), and the circumstances surrounding them are described in detail in the enclosed report. You are requested to respond to the nonconformances and should follow the instructions specified in the enclosed NON when preparing your response.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC's Public Document Room (PDR).

Sincerely,

ORIGINAL SIGNED BY

Robert M. Gallo, Chief
Special Inspection Branch
Division of Inspection and Support Programs
Office of Nuclear Reactor Regulation

Docket No. 99901307

- Enclosures: 1. Notice of Violation
2. Notice of Nonconformance
3. Inspection Report 99901307/96-01

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