

APPENDIX B

Joseph T. Ryerson & Son, Inc.
Docket No. 99900876/85-01

NOTICE OF NONCONFORMANCE

- A. Criterion I of Appendix B to 10 CFR Part 50 "organization" states in part, "...Such persons and organizations performing quality assurance functions shall report to a management level such that this required authority and organizational freedom, including sufficient independence from cost and schedule when opposed to safety considerations, are provided."

Section III of the American Society of Mechanical Engineers (ASME), subsection NCA-3864.1 "Authority and Responsibility", states in part, that "(d) Assurance of quality management measures which provide that the individual or group, assigned the responsibility of checking, auditing, or otherwise verifying that production and quality control activities have been correctly performed, is independent of the individual or group directly responsible for performing the specific activity. Examination activities to verify the quality of work shall be performed by persons other than those who performed the activity being examined. Such persons shall not report directly to the immediate supervisors who are responsible for the work being performed ..."

Contrary to the above, as of August 13, 1985 (85-01-03):

- a. The "Quality Assurance Manager" is also designated as the "Credit/Office Manager." As both the Credit/Office Manager and QA Manager, he is responsible for activities relating to cost and schedule requirements, as well as quality requirements. Therefore, the QA Manager is not independent from cost and schedule requirements.
- b. The "Critical Requirement Material Instructions" (CRMI) document provides spaces for independent signature approval by the salesperson and the QA Coordinator. The CRMI document no. 9W14648A1 dated 01/13/84 was signed off by the same person in the spaces provided for the salesperson and the QA Coordinator. The "Critical Requirement Material Instructions" was the document that provided instructions for completing Bechtel purchase order 8856-F-74574 to J. T. Ryerson for ASME Section III, Class 1 SA-36 material.
- B. Criterion II of Appendix B to 10 CFR Part 50 "Quality Assurance Program" states in part "... the program shall provide for indoctrination and training of personnel performing activities affecting quality as necessary to assure that suitable proficiency is achieved and maintained ..."

J. T. Ryerson Quality Assurance Manual (QAM) Section 4.8.2, "Employee Training" states in part "Employees assigned quality related duties participate in quality related programs to achieve required technical proficiency."

Contrary to the above, as of August 16, 1985, there was no objective evidence to indicate that a formal quality assurance training program had ever been established and implemented for employees assigned quality related duties at J. T. Ryerson (85-01-04).

- C. Criterion VII of Appendix B to 10 CFR Part 50, "Control of Purchased Material, Equipment, and Services," states in part "Measures shall be established to assure that purchased material, equipment and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions ... for source evaluation and selection ... The effectiveness of the control of quality by contractor and subcontractors shall be assessed by the applicant or designee at intervals consistent with the importance, complexity, and quantity of the product or services."

The J. T. Ryerson, QAM, Section 5.1.1.2 states in part "... when a source's quality system is approved, an entry to that effect is made in the 'Ryerson Quality' sources for material for critical applications ..."

Contrary to the above, material or services were procured from Morris, Wheeler & Co., Inc. (J. T. Ryerson work order No. 9W14648A2, dated 1/13/84) and Lehigh Testing Laboratories (J. T. Ryerson work order No. 9W14648A3, dated 1/13/84) to complete a nuclear order. Neither firm was listed on the "Ryerson Quality" sources for critical applications (85-01-05).

- D. Criterion VIII of Appendix B to 10 CFR Part 50 "Identification and Control of Materials, Parts, and Components" states in part that "Measures shall be established for identification and control of materials, parts, and components, ... These measures shall assure that identification of the item is maintained by heat number, part number, serial number, or other appropriate means, either on the item or on records traceable to the item, ... These identification and control measures shall be designed to prevent the use of incorrect or defective material, parts, and components."

1. J. T. Ryerson Form 856.07-8 (dated November 1982) - "Receiving and Identification" states, in part, that..."all inbound merchandise shall be tagged immediately upon receipt with a receiving tag."

Contrary to the above, during a plant tour of the warehouse the inspector noted that several bundles of material were not tagged with receiving tags.

2. J. T. Ryerson "Receiving Instruction Manual" states in part that "Plates (loose) will have size and grade marked with paint stick on each piece, and the mill heat and slab markings identified by circling with paint stick."

Contrary to the above, during a plant tour of the warehouse loose plates were observed by the inspector which were not marked as required (85-01-06).

3. J. T. Ryerson Policy and Procedure Number 18.400.07, "Receiving and Inspection of Inbound Merchandise", Section I, "Receiving and Inspecting all Materials" states in part, "Paint proper color identification on all bars." Also in Section II, "Material for Which Heat Identification Is Maintained (Exhibit 'A') - Receiving Instructions" states in part, "Material will be placed in stock so that the color code and heat numbers are on the end of the material facing the front of the rack where it is easily accessible."

Contrary to the above, as of August 13, 1985 (85-01-07):

- a. Material had been placed in stock without marking with a color code.
 - b. Materials had been placed in stock which were found to be marked with an incorrect color code.
 - c. Materials were placed in storage racks with the color coded end not accessible without removing the material from the rack.
- E. Criterion X of Appendix B to 10 CFR Part 50, "Inspection" states in part "A program for inspection of activities affecting quality shall be established and executed by or for the organization performing the activity to verify conformance with the documented instructions, procedures, and drawings for accomplishing the activity. Such inspection shall be performed by individuals other than those who performed the activity being inspected..."

Contrary to the above, as of August 12, 1985, foremen and operators who were responsible for production and productivity were also responsible for receiving inspection (85-01-08).

- F. Criterion XVII of Appendix B to 10 CFR Part 50 "Quality Assurance Records" states in part "Sufficient records shall be maintained to furnish evidence of activities affecting quality. The records shall include at least the following: Operating logs and the results of reviews, inspections, tests, audits, monitoring of work performance, and material analyses...Inspection and test records shall, as a minimum, identify the inspector or data recorder, the type of observation, the results, the acceptability, and the action taken in connection with any deficiencies noted."

Contrary to the above, as of August 12, 1985, the data recorded on various "Discrepancy Reports" (DR) were insufficient to identify the discrepant item, origin, disposition, QA approval, and accomplishment of the corrective action. In addition, DRs are routinely voided without explanation (85-01-09).

- G. Criterion XVIII of Appendix B to 10 CFR Part 50, "Audits," states, in part: "...The audits shall be performed in accordance with the written procedures or check lists by appropriately trained personnel not having direct responsibilities in the areas being audited. Audit results shall be documented and reviewed by management having responsibilities in the area audited. Followup action, including reaudit of deficient areas, shall be taken where indicated."

The J. T. Ryerson QAM, Section 6.1, "Quality Systems and Practices Audits National Function", paragraph 6.1.3 states in part "Noted quality related deficiencies are included in the written Audit Report to plant management for corrective action, followup and closeout..."

The J. T. Ryerson QAM, Section 6.4, "Qualification of Quality Systems Auditors," paragraph 6.4.1 states: "The Lead Auditor shall be qualified under the criteria as specified in ANSI N45.2.23 and NQA-1."

Contrary to the above, the following were noted (85-01-10):

1. The 1984 management audit of J. T. Ryerson Philadelphia noted five deficiencies which were identified by the auditor as "minor" discrepancies or deviations. As of August 16, 1985 there was no objective evidence available to indicate that corrective action, followup, or closeout of these five deficiencies had been performed. The J. T. Ryerson QAM makes no distinction between "minor" deficiencies requiring no action and those for which formal corrective action reports are written.
2. The 1985 internal audits completed as of August 16, 1985 were performed by a lead auditor not qualified per ANSI N45.2.23.