UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555 - 0001

February 19, 2003

Mr. Paul L. Wattelet
Chief Executive Officer
Sargent & Lundy LLC
55 East Monroe Street
Chicago, Illinois 60603-5780

SUBJECT: NRC INSPECTION REPORT 99900507/2002-201 AND NOTICE OF NONCONFORMANCE

Dear Mr. Wattelet:

On December 9-12, 2002, the U.S. Nuclear Regulatory Commission (NRC) conducted an inspection at your facility in Chicago, Illinois. During this inspection, the NRC inspector reviewed the implementation of your quality assurance (QA) program in the areas of collection, preservation, storage, retrieval, and maintenance of QA records. The inspector reviewed applicable procedures, and related work documents, and interviewed personnel involved. The enclosed report documents the results of the inspection.

Based on the results of the inspection, the NRC inspector found that the implementation of the QA program failed to meet certain NRC requirements imposed on you by your customers. Specifically, the inspector determined that certain requirements of 10 CFR Part 50, Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," and Sargent & Lundy Quality Assurance Topical Report SL-TR-1A were not met in the areas of storage of QA documents, conducting audits, and taking adequate action to correct an adverse audit finding. 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 Part 2.790 of the NRC "Rules of Practice," a copy of this letter and its enclosures and your response will be placed in the NRC's Public Document Room (PDR) and also in the publically accessible portion of the NRC's Agencywide Document Access and Management System (ADAMS). To the extent possible, your response should not include personal, private, proprietary or safeguards information so that your response can be placed in the PDR without redaction. However, should you find it necessary to include such information, you should clearly identify that which you desire not be placed in the PDR and provide the justification for withholding from public disclosure as delineated in 10 CFR 2.790.

The responses requested by this letter and the enclosed Notice of Nonconformance are not subject to the clearance procedures of Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Public Law No. 96-511.

Should you have any questions concerning this inspection, please contact Mr. Kamalakar Naidu at 301-415-2980 or krn@nrc.gov .

Sincerely,

/RA/

Theodore R. Quay, Chief
Equipment and Human Performance Branch
Division of Inspection and Program Management
Office of Nuclear Reactor Regulation

Docket No.99900507

Enclosures: As stated

Should you have any questions concerning this inspection, please contact Mr. Kamalakar Naidu at 301-415-2980 or krn@nrc.gov .

Sincerely,

/RA/

Theodore R. Quay, Chief
Equipment and Human Performance Branch
Division of Inspection and Program Management
Office of Nuclear Reactor Regulation

Docket No.99900507

Enclosure: As stated

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DATE	2/12/2003		2/13/03		2/19/03					

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NOTICE OF NONCONFORMANCE

Sargent & Lundy LLC
55 East Monroe Street
Chicago, Illinois

Docket No:99900507
Report No. 2002-201

Based on the results of an inspection conducted on December 9-12, 2002, it appears that certain of your activities were not conducted in accordance with NRC requirements.

1. Criterion V, "Instructions, Procedures, and Drawings," of 10 CFR Part 50, Appendix B, requires, in part, that activities affecting quality be prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances and shall be accomplished in accordance with those instructions, procedures and drawings.

   Paragraph 4.1.1.2 of ASD-001, Revision 4, dated June 6, 2001, "Collection, Processing, Storage, Retrieval and Disposition of Quality Assurance Records," stated in part, "Temporary Storage of all records during processing shall be in lockable 1-hour fire-rated metal cabinets."

   Contrary to the above, Sargent & Lundy (S&L) temporarily stored in-process quality assurance records in a security box that was not at all fire-rated. (Nonconformance 99900507/2002-201-01.)

2. Criterion XVIII, "Audits," of 10 CFR Part 50, Appendix B, requires, in part, that a comprehensive system of planned and periodic audits be carried out to verify compliance with all aspects of the quality assurance program.

   Paragraph 2.6 of S&L implementing Procedure QAS-1700, stated, in part, "The following shall be considered under the auspices of SL-TR-1A during preparation of the matrix: Regularly scheduled audits shall be conducted at least biennially for projects supporting plants in the operating or decommissioning phase, company-wide activities, functional groups supporting projects and gaseous diffusion plants."

   Also, Paragraph 3.1.1 of SOP-1701 states, in part, that the audit shall:

   - "Verify that the policies, procedures, and instructions necessary for the implementation of S&L's Quality Policy and Program Plan (SL-QAP) and Nuclear QA Program Topical Report (SL-TR-1A) or applicable supplier's QA program and procedures are established prior to the start of activities they control;

   - Determine the degree of compliance with those requirements by personnel performing quality functions; and determine the degree of compliance on each project or supplier with project instructions standards, procedures, and other applicable documents, such as codes, and national standards that provide guidance for the project/supplier.

- Determine the degree of compliance on each project or supplier with project instructions standards, procedures, and other applicable documents, such as codes, and national standards that provide guidance for the project/supplier."

Contrary to the above, at the time of this inspection, S&L QA had not conducted a quality assurance audit since April, 2000. (Nonconformance 99900507/2002-201-02.)

3. Criterion XVI, "Corrective Action," of 10 CFR Part 50, Appendix B, requires, in part, that measures be established to assure that conditions adverse to quality, such as failures....and nonconformances are promptly identified and corrected.

SOP-1401,"Performance Improvement Process," [PIP] Revision 5, dated April 2, 2001, described the process for identifying and addressing quality problems, improvement opportunities, and best practices through S&L's continuous quality improvement program. Paragraph 3.5, "PIP Closure," of Procedure SOP-1401, stated, in part, "The Responsible Person for closure shall assure that all corrective actions have been implemented by scheduled completion date prior to completing the Closure Section in the PIP Database."

Contrary to this requirement, PIP 2000-313 was closed without implementing the recommended corrective action, which was to replace the temporary records storage container with a fire-rated container. Without verifying that the "Mosler GSA-approved security storage" was in fact a 1-hour fire-rated storage cabinet, the "Responsible Person" closed the finding in PIP No. 2000-313.
(Nonconformance 99900507/2002-201-03)

Please provide a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington D.C. 20555, with a copy to the Chief, Equipment and Human Performance Branch, Office of Nuclear Reactor Regulation, within 30 days of the date of the letter transmitting this Notice of Nonconformance. This reply should be marked clearly as a "Reply to a Notice of Nonconformance" and should include for each nonconformance: (1) a description of the steps that have been taken or will be taken to correct these items; (2) a description of the steps that have been taken or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed.

Dated at Rockville, Maryland
this 19th day of February, 2003.

U.S. NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION

ORGANIZATION:	Sargent & Lundy LLC 55 East Monroe Street Chicago, Illinois 60603-5780
DOCKET:	99900507
REPORT NO.:	99900507/2002-201
ORGANIZATIONAL CONTACT:	Randall L. Kurtz, Quality Assurance Manager
NUCLEAR INDUSTRY:	Architect Engineers and Consultants for Nuclear Power Plants, and Gaseous Diffusion Plants
INSPECTION LOCATION:	55 East Monroe Street, Chicago, Illinois
INSPECTION DATES:	December 9-12, 2002
INSPECTOR:	Kamalakar R. Naidu, Senior Reactor Engineer Quality and Maintenance Section
SUBMITTED:	***/RA/*** Date 02/12/03 Kamalakar R. Naidu
APPROVED BY:	***/RA/*** Date 02/13/03 Dale F. Thatcher, Chief Quality and Maintenance Section Equipment and Human Performance Branch Division of Inspection and Program Management Office of Nuclear Reactor Regulation

Enclosure 2

1 INSPECTION SUMMARY

The bases for this inspection were (1) Criterion XVII, "Quality Assurance Records," of Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to Part 50 of Title 10 of the Code of Federal Regulations (10 CFR Part 50, Appendix B), and (2) Sargent & Lundy Quality Assurance Topical Report SL-TR-1A, Revision 16.

The inspection was conducted to review selected portions of the Sargent & Lundy (S&L) quality assurance (QA) program and its implementation related to collection, preservation, storage, retrieval, and maintenance of QA records.

The inspection identified three nonconformances in the areas of failure to follow established procedures, failure to conduct audits, and failure to take adequate action to correct audit findings.

2. STATUS OF PREVIOUS INSPECTION FINDINGS

No inspection findings were identified in the previous NRC inspection report (99900507/2000-201).

3. INSPECTION FINDINGS AND OTHER COMMENTS

3.1 Background

The purpose of this inspection was to review S&L's practices to collect, preserve, store, retrieve and maintain QA records and determine if they were in accordance with SL-TR-1A and in compliance with Criterion XVII, "Quality Assurance Records," of Appendix B to 10 CFR Part 50.

3.2 Classification of Quality Assurance Records

a. Inspection Scope

The inspector examined the procedures in place to collect, classify, preserve, store, retrieve, and maintain QA records regarding work performed on safety-related and important-to-safety structures, systems, and components.

b. Observations and Findings

The inspector reviewed S&L Procedure ASD-001, Revision 4, dated July 6, 2001, "Collection, Processing, Storage, Retrieval, and Disposition of Quality Assurance Records," and determined that S&L classified safety-related and important-to-safety documents as lifetime records, plant life records, and client records. Lifetime records are those that S&L maintains for the life of a component; whereas plant life records are those that S&L maintains for the life of the plant. Client records are those that S&L gathers during design and development and hands over to its client when the project is completed. Records on which S&L staff are actively working are called in-process

records and are stored in a temporary container during the day and kept in the vault overnight.

c. Conclusion

Selective review of the documents indicated that safety-related documents were separated from nonsafety-related documents, and the documents were appropriately classified. No problems were identified in this area.

3.3 Training in Quality Assurance Records Handling

a. Inspection Scope

The inspector reviewed the relevant procedures and examined the practices adopted by S&L to implement those procedures to train and qualify individuals in the areas of collection, preservation, storage, retrieval, and maintenance of QA records, and the use of a vault where S&L archives its QA records.

b. Observations and Findings

S&L designated the Senior Manager, Information Management (SMIM), to be responsible for the collection, preservation, storage, retrieval, and maintenance of QA records. Conversations with the SMIM indicated that the individual had been associated with the collection, preservation, storage, retrieval, and maintenance of QA records at S&L for a number of years, and that she was familiar with the requirements listed in ANSI/ASME N45.2.9 - 1979, "Requirements for Collection, Storage, and Maintenance of Quality Assurance Records for Nuclear Power Plants," and NQA-1- 2000, Requirement 17, "Quality Assurance Records." The SMIM provided on-the-job training to eight individuals employed at S&L who perform activities related to Records Management Group (RMG) processing of nuclear safety QA records for storage. The SMIM qualified four of them to gain entry to the vault without supervision to store and retrieve records; the other four conduct operations under supervision. The SMIM also provided similar training to the S&L technical staff, including the technical group leaders. S&L's Standard Operating Procedure (SOP) 1602, "Filing and Storage of Records," Revision 5A, dated October 23, 2000, and ASD-001, "Collection, Processing, Storage, Retrieval and Disposition of Quality Records," Revision 4, dated July 06, 2001, described the filing and storage requirements for S&L project and organizational QA records. SOP-1602 addressed the filing of project and organizational records in local files, the record vault, and the off-site storage location. SOP-1602 is used in conjunction with SOP-0501, "Document and Data Control," Revision 5, dated August 14, 2000. SOP-1602 required individuals to establish and maintain the QA Lifetime Records Database for records in vault storage. The Records Database contained the following information:

3. Responsible Project or Organization;

4. Project number and station;

5. Type of record (report, purchase orders or calculation);

6. Record identification;

7. Storage format of record in vault (microfilm, microfiche);

8. Title and applicable reference number;

9. Revision and approval date;

10. Card number and QA serial number; and

11. File index number and the number of pages, microfiche cards, or CD-ROM disks.

An authorized individual submits the records and is responsible for stamping, initialing, signing, and dating. This individual completes the following forms as applicable:

- Form SOP-1602-01, "Project Records" (provided information on the record category);

- Form SOP-1602-02, "Nuclear Project Records," (provided information on the record type, submitting organization, and the retention period);

- Form SOP-1602-03, "Organization Records," (provided information on record type, submitting organization, and retention period);

- Form SOP-1602-04, "Records Transmittal" (identified the organization that is sending the documents, the records being submitted and the quantity received). This form reflected the requirements of Section 4.3, "Receipt Control," of ANSI 45.2.9-1979; and

- Form SOP-1602-05, "Vault Storage Index," (identified the client, the project organization, project number, the record types, the retention period and the client retention period).

Review of selected completed QA records that were readily available indicated that the information on the forms had been completed and properly indexed. The SMIM informed the inspector that the lead technical person is required to verify the legibility of information on a CD-ROM before it is declared complete and sent for retention. During an internal audit (00-A-008) conducted in 2000, S&L QA identified that the weekly monitoring (survey) process performed on the QA records system did not include verification that the records listed in the index are actually in the vault. To correct this

finding, S&L revised the process and procedure to clearly define the proper method of drawing a sample from the existing records index. The inspector reviewed the training records and found that they contained the names of the individuals who participated in the training and the subjects discussed. The inspector also reviewed other selected QA records and determined that the records were properly indexed, and that all the required forms had been completed.

c. Conclusion

S&L provided adequate training to its employees in its procedures for the collection, preservation, storage, retrieval, and maintenance of QA records. No problems were identified in this area.

3.4 Review of Temporary Storage of QA Records

a. Inspection Scope

The inspector examined the implementation of established procedures in the area of S&L's temporary storage of in-process records.

b Observations and Findings

RMG staff collect in-process records associated with on-going safety-related projects and temporarily store them in a container and placed in a room, the access to which is controlled by authorized RMG personnel. These records are considered incomplete because engineers are still working on the projects. These QA records are stored in a Mosler, GSA-approved security container. The inspector inquired, and S&L representative confirmed, that the container was not fire-rated. Instead, the literature on the Mosler container stated that it is rated to "withstand for 30 man-minutes against surreptitious entry, or 20 man-hours against manipulation of the lock, or 20 man-hours against radiological attack and no forced entry requirement."

Paragraph 4.1.1 of ASD-001, "Collection, Processing, Storage, Retrieval and Disposition of Quality Assurance Records," Revision 4, dated June 6, 2001, stated in part, "Temporary storage of all records during processing shall be in lockable 1-hour fire-rated metal cabinets." Contrary to this requirement, temporary records were not being stored in a fire-rated cabinet.

c. Conclusion

S&L temporarily stored in-process QA records in a security box that was not fire-rated. This condition is contrary to the requirements stated in Paragraph 4.1.1.2 of ASD-001. The inspector concluded that the failure to follow the requirements of Paragraph 4.1.1.2 of ASD-001, was a nonconformance with respect to Criterion V, "Instructions, Procedures, and Drawings," of 10 CFR Part 50, Appendix B. This is identified as Nonconformance 9990507/2002-201-01.

3.5 Review of Storage of Permanent Records

a. Inspection Scope

The inspector reviewed the permanent storage of S&L's QA records to determine if it was in compliance with the requirements in SL-TR-1A.

b. Observations and Findings

An S&L representative accompanied the NRC inspector to the quality records vault located in the concourse of the building. The quality records vault was located in the S&L store room, and was observed to be clean, free of debris and with no signs of rodents. The temperature and humidity inside the vault were being recorded on a Taylor type chart recorder. Procedure ASD-002, "QA Vault Taylor Chart Recorder Calibration Check," Revision 1, dated July 28, 2000, described the method used to verify the accuracy of the chart recorder. One Taylor Certified Thermometer (TCT), Model No. 2111, is required for the calibration process. The TCT itself is calibrated every 3 years. The inspector observed that the Taylor quality records chart recorder, which is calibrated on a six-month basis, had a current calibration sticker. However, the observed storage did not correspond to the description of the storage facility in SL-TR-1A. Paragraph 17.04 of SL-TR-1A stated, in part:

"Records are stored in a facility or in separate remote locations that provide controlled access to minimize the risk of damage or destruction from fire, flood, tornadoes, condensation, vermin and decay and satisfy the requirements described in Reg Guide 1.88, except for a minimum fire rating requirement for a single record facility. Instead, S&L provides for:

a. 2-hour fire rated vault meeting NFPA 232-1975 or

b. 2-hour fire rated Class B file containers meeting the requirements, of NFPA 232-1975 or

c. 2-hour fire rated file room meeting the requirements of NFPA 232-1975 with the following additional provisions:

d. early warning fire detection and automatic fire suppression capability with electronic supervision at a constantly attended central station;

e. records storage in fully enclosed metal cabinets;

f. adequate access and aisle ways;

g. prohibition in the room of work not directly associated with records storage or retrieval;

h. prohibition in the room of smoking, eating, drinking;

i. 2-hour fire rated dampers or doors in all boundary penetrations."

S&L has a designated "vault room" in the storage area. The access to this room is controlled. In this room, S&L has an R-5425 Type Diebold insulated container, Class 150, classified by UL as to fire resistance only, rating Class 150 - 4hr. The NRC inspector observed that the existing conditions were not consistent with those stated in SL-TR-1A. The QA manager stated that S&L will revise Paragraph 17.04 of SL-TR-1A to reflect the existing conditions.

In the presence of the NRC inspector, the S&L representative opened the safe. It contained QA records in the form of microfiche and CD-ROMs. There were no hard copies of drawings, calculations and similar QA records. As stated previously, only four individuals are authorized to enter the vault without supervision. A S&L representative stated that the vault is cleaned in the presence of an authorized individual.

c. Conclusion

S&L stores its QA records in a vault. Even though the description of the storage area where the vault is located differs from the one described in Paragraph 17.04 of SL-TR-1A, the area was found to be clean and did not violate any requirement. Therefore, the QA records storage area is acceptable. The S&L QA manager stated that Paragraph 17.04 of S&L's SL-TR-1A will be revised to reflect the existing conditions. S&L does not have dual storage facilities.

3.6. Review of S&L Internal Audits

a. Inspection Scope

The inspector reviewed the applicable implementing procedures for conducting audits and the audit schedule to determine (1) if the procedures correctly translated the intent of SL-TR-1A and (2) if a QA audit was performed after April 2000, in the areas of collection, preservation, storage, retrieval, and maintenance of QA records.

b. Observations and Findings

S&L's audit program, outlined in Section 18.02 of SL-TR-1A, was intended to implement the audit requirements of Criterion XVIII, "Audits," of 10 CFR Part 50, Appendix B, through Quality Assurance Standard (QAS) 1700, "Audit and Surveillance Planning and Scheduling," Revision 4, dated April 22, 2002, QAS-1701, "Qualification of Audit Personnel," Revision 3, dated April 22, 2002, and Standard Operating Procedure (SOP) 1701, "Internal and External Quality Audits," Revision 5, dated April 5, 2002.

Section 18.02 of SL-TR-1A stated, in part, "The Nuclear Quality Assurance Program requires that the work of support divisions and nuclear project teams be audited on applicable elements of this program, implementing quality assurance procedures, project instructions, standards, and procedures on the basis of the safety importance of the activity being performed, but at least biennially for nuclear projects or projects supporting gaseous diffusion plants which are in the operating or decommissioning

phase, and annually or once during the life of the activity, which ever is shorter, for projects in the construction phase. An audit schedule is prepared each year identifying the audits to be performed and their scheduled dates." This commitment to audit does not appear to be clearly reflected in the implementing procedures QAS-1700 and SOP-1701. Neither QAS-1700 nor SOP-1701 explicitly required the QA department to conduct audits in various elements of the QA program to satisfy the commitments in SL-TR-1A to implement the requirements of Criterion XVIII of 10 CFR Part 50, Appendix B; rather they require "at least biennially audits" for certain projects, and "annual audits" for other projects [see 2) and 3) below]. For instance, Paragraph 2.6 of QAS-1700, stated, "The following shall be considered under the auspices of SL-TR-1A, during preparation of the matrix:

1. External audits shall be conducted triennially.

2. Regularly scheduled audits shall be conducted at least biennially for projects supporting plants in the operating or decommissioning phase, company wide activities, functional groups supporting projects and gaseous diffusion plants.

3. Projects supporting radioactive material packaging or independent spent fuel storage installations (ISFSI) or plants in the construction phase shall be audited annually or once during the life of an activity having a duration of less than one year."

Similarly, Paragraph 3.1.1 of SOP-1701 stated, in part, that the audit shall:

- "Verify that the policies, procedures, and instructions necessary for the implementation of S&L's Quality Policy and Program Plan (SL-QAP) and Nuclear QA Program Topical Report (SL-TR-1A) or applicable supplier's QA program and procedures are established prior to the start of activities they control;

- Determine the degree of compliance with those requirements by personnel performing quality functions; and

- Determine the degree of compliance on each project or supplier with project instructions standards, procedures, and other applicable documents, such as codes, and national standards that provide guidance for the project/supplier."

Neither QAS-1700 nor SOP-1701 explicitly required the QA department to conduct audits in various areas of the QA program to satisfy the commitments in SL-TR-1A to implement the requirements of Criterion XVIII of 10 CFR Part 50, Appendix B. As a result, contrary to the requirements stated in Section 18.02 of SL-TR-1A, the QA Department did not schedule and conduct an audit after April 2000, of activities in the areas of collection, preservation, storage, retrieval, and maintenance of QA records.

c. Conclusion

Failure of the S&L QA department to conduct an audit after April 2000, of activities in the area of collection, preservation, storage, retrieval, and maintenance of QA records is

considered a nonconformance contrary to Criterion XVIII, of 10 CFR Part 50, Appendix B. Nonconformance 99900507/2002-201-02.

3.7 Review of a Previous Audit

a. Inspection Scope

The inspector reviewed an internal audit that S&L QA performed on April 26-28, 2000, in the area of QA records to determine the adequacy of the actions taken to correct adverse findings identified therein.

b. Observations and Findings

The audit identified findings and one observation. Performance improvement process (PIP) forms documented the adverse findings and the recommended corrective actions. One finding identified six examples of activities that were being implemented inconsistent with Procedures SOP-1602, and ASD-001. Another finding identified that the thermometer that was used to verify the accuracy of the temperature/humidity chart recorder in the vault area had not been calibrated in 13 years, even though the procedure required it to be calibrated every three years. The third finding identified that "the location utilized for temporary storage of records on the 24th floor does not meet the storage (fire protection) requirements of ANSI N45.2.9." The auditor appears to have inadvertently used the term "fire proof" cabinet instead of "1-hour fire-rated" to describe the cabinet, and quoted the requirement as ANSI N45.2.9 instead of S&L's Procedure ASD-001. In Paragraph 4.1.1 of its Procedure ASD-001, S&L committed to "Temporary storage of all records during processing shall be in lockable 1-hour fire-rated metal cabinets." Corrective action recommended was to "Acquire a 1-hour fire-proof file cabinet or safe to store records that are in-process in the Records Center." In the column "QA Verification Notations" of the PIP, it stated, "QAD verified fire-proof safes were installed in the noted locations (S/N 1211718 at 23L13 and S/N1211712 at 24E62). The QA Approval of PIP No. 2000-313 will be amended to require inclusion of these temporary storage locations in the appropriate ASD standard. QA classified this error as not a significant condition adverse to quality (SCAQ) or reportable. The actions for this PIP are complete." The inspector observed that the cabinet currently being used was a Mosler GSA-approved security storage container and not a 1-hour fire-rated cabinet. The Mosler GSA container is rated for "30 man-minutes against surreptitious entry, or 20 man-hours against manipulation of the lock, or 20 man-hours against radiological attack and no forced entry requirement."

SOP-1401, "Performance Improvement Process," Revision 5, dated April 2, 2001, described the process for identifying and addressing quality problems, improvement opportunities, and best practices through S&L's continuous quality improvement program. Paragraph 3.5, "PIP Closure," stated "The Responsible Person for closure shall assure that all corrective actions have been implemented by scheduled completion date prior to completing the Closure Section the PIP Database." Contrary to this requirement, the "Responsible Person," did not verify that the "Mosler GSA approved Security Storage" was a 1-hour fire-rated storage cabinet. The Mosler GSA cabinet that is currently being used had no fire rating. The Responsible Person should not have closed the finding without verification.

c. Conclusion

PIP No. 2000-313 was closed without actually verifying that the temporary storage container was a 1-hour fire-rated container. Inadequate action taken to correct an adverse condition is contrary to Criterion XVI, "Corrective Action," of 10 CFR Part 50, Appendix B. Nonconformance 99900507/2002-201-03 was identified in this area.

3.8 Review the Performance Improvement Process (PIP)

a. Inspection Scope

The inspector reviewed the PIP process, the procedure and form attached to it.

b. Observations and Findings

The inspector reviewed Procedure SOP-1401 which explains how to complete the PIP implementation form. QA uses the PIP to document adverse findings and correct them. The PIP form requires the identifier to document general information, significance of the adverse finding, project details and disposition, and it contains provisions for QA review, QA approval, and closure, QA verification and status. The terminology used in this form is not consistent with that used in SOP-1401 and may have contributed to erroneous entries in PIP forms related to the finding identified during the audit of QA records in 2000. The S&L QA manager acknowledged the inconsistencies between the procedure and PIP form and stated that the form would be revised to reflect the procedure.

c. Conclusion

The S&L QA manager agreed to resolve the inconsistencies during a revision to the procedure.

3.9 Review of Nuclear Utilities Procurement Issues Council (NUPIC) Audit

a. Inspection Scope

The inspector reviewed an audit conducted by NUPIC on S&L to determine if similar findings were identified in the area of control of QA records.

b. Observations and Findings

During May 20-24, 2002, NUPIC conducted an audit and examined the implementation of S&L's SL-TR-1A program at S&L's Offices in Chicago, Illinois, and in Wilmington, Delaware. NUPIC evaluated S&L's SL-TR-1A program against the requirements of 10 CFR Part Part 50, Appendix B; ANSI N45.2-1971; ANSI N45.2.9; and NQA-1, and identified two findings. Audit Finding No.1 related to inadequate supplier assessment to support the approved scope of work for sub-supplier, Meggitt. Paragraph 4.7 of S&L's SOP-0601, Revision 7A, requires "For nuclear safety-related, important to safety, quality-related work, or when required by the acceptance plan, the prospective supplier shall be qualified per QAS-0601." NUPIC found that contrary to this requirement S&L's audit results did not include all of the applicable 10 CFR Part 50, Appendix B, criteria. Specifically, Criteria XI and XII, "Test Control," and "Control of Measuring and Test Equipment" were not addressed. Audit finding No. 2 identified that S&L did not pass on the requirement for certificates of compliance to sub-tier vendors.

c. Conclusions

The NUPIC audit focused on issues other than the S&L's practices to collect, preserve, store, retrieve, and maintain quality assurance records. S&L is taking appropriate actions to correct NUPIC's audit findings.

4. Persons Contacted

Sargent & Lundy

+*J.S. Anderson, Executive Vice President
+*R.C. Heider, Senior Vice President
*L.V. Jacques, Senior Vice President
+*R.L. Kurtz, Quality Assurance Manager
S.R. Raup, Project Manager
+B.L. Renwick, Executive Vice President
R.P. Sheppard, Quality Assurance
+*D.K. Schopfer, Director Nuclear Power Technologies
+M.V. Vogan, Senior Manager Information Management
P.L. Wattelet, Chief Executive Officer
+*J.A. Werhane, Executive Vice President

+= those who attended the entrance meeting on December 09, 2002
* = those who attended the exit meeting on December 12, 2002

Documents Reviewed

1. ASD-001, Revision 4, dated July 6, 2001, “Collection, Processing, Storage, Retrieval, and Disposition of Quality Assurance Records.”

2. ASD-002, Revision 1, dated July 7, 28, 2000, “QA Vault Taylor Chart Recorder Calibration Check.”

3. QAS-1701, Revision 3, dated April 22, 2002, “Qualification of Audit Personnel.”

4. SOP-1701, Revision 5, dated April 5, 2002, “Internal and External Quality Audits.”

5. QAS-1700, Revision 4, dated April 22, 2002, “Audit and Surveillance Planning and Scheduling.”

6. SOP-0501, Revision 5, dated August 4, 2000, “Document and Data Control.”

7. SOP-1602, Revision 5a, dated October 23, 2000, “Filing and Storage of Records.”