

March 28, 2003

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United States Nuclear Regulatory Commission
11555 Rockville Pike
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Attn: Document Control Desk

Subject: Reply to a Notice of Violation
Reference: NRC Inspection Report Number 72-1015/2003-201

In response to Inspection Report Number 72-1015/2003-201, we are pleased to provide the requested information. The subject report was received by us on March 24th, and applied to a recent inspection performed at Hitachi Zosen Diesel and Engineering (HZD&E) at Ariake, Japan. Attached to this letter please find our reply (Attachment 1), developed in conjunction with HZD&E, that addresses the requested attributes for each of the listed violations. We have also enclosed objective evidence, where appropriate, to substantiate actions completed by HZD&E.

Additionally, the aforementioned inspection report identified one "poor practice" that we desire to reply to, even though a response was not requested. The subject weakness addressed a perceived lack of formal rigor by HZD&E in controlling their examination used to determine the qualification of lead auditors. HZD&E took immediate corrective action by removing all such examinations from the readily accessible QA files and now maintains them under the personal control of their QA Manager. Their corrective action extended to all personnel certification files for which an examination was required as a certification prerequisite. Attachment 2 to this letter provides an example of the note they have included in each certification file.

After review of our submittal, should there be any remaining question or concern, please feel free to advise and we will be happy to address such issue(s) to your satisfaction.

Sincerely,



R. Howard Smith
Vice President, Quality

cc: Mr. Robert J. Lewis
Chief, Transportation and Storage Safety and Inspection Section,
Licensing and Inspection Directorate,
Spent Fuel Project Office,
Office of Nuclear Material Safety and Safeguards

ATTACHMENTS: 1) NAC Reply to NRC Notice of Violation
2) Objective Evidence for Addressing the Identified "Poor Practice"

TEU9

QA20030096

ATTACHMENT 1

NAC Reply to NRC Notice of Violation

ATTACHMENT 1
NAC Reply to NRC Notice of Violation

Violation A. “Contrary to the above, on February 4, 2003, the current liquid penetrant examination (PT) certification for a PT examiner was not available in the HZD&E personnel certification files.”

Reason for Violation:

HZD&E had failed to adequately appreciate the potential for differences to occur between the two sets of records maintained for these types of personnel certification records. Accordingly, there was no checking process built into the QA system to routinely confirm that such differences did not exist.

Corrective Steps Taken and Results Achieved:

HZD&E developed Corrective Action Report C-02-C-11 (refer to Exhibit A) to provide corrective and preventative actions for this issue. An immediate process was implemented to review both sets of records to identify and reconcile any noted differences. The records have been confirmed to be exact duplicates and documented as such in response to their CAR.

Corrective Steps Taken to Avoid Further Violations:

To preclude recurrence, CAR C-02-C-11 required that applicable personnel receive remedial training to assure they were appropriately familiar with the requirement for an exact match between original and duplicate copies of QA records (particularly between record copies maintained at both HZD&E and their on-site NDE subcontractor, NTI).

Lastly, the HZD&E internal audit checklist was revised to require a routine confirmation that the two records sets are identical. This checklist will be used regularly on future internal audits to maintain compliance with this requirement.

Date to Achieve Full Compliance:

February 4, 2003, Complete. Evidence of all above actions is included with CAR C-02-C-11.

ATTACHMENT 1

Exhibit A

**HZD&E Corrective Action Report
C-02-C-11**

Document No. C-02-C-11
(文書番号)

CORRECTIVE ACTION REPORT (是正処置報告書)

TO : (宛) Quality Assurance Section	Response Due Date (回答期限) <p style="text-align: center;">2/4/03</p>	Prepared (作成) <p style="text-align: center;">2/3/2003 TIC</p>	Reviewed (照査) <p style="text-align: center;">T. W. ZOOJ T. W. ZOOJ</p>	Approved (承認) <p style="text-align: center;">2/3/2003 T. W. ZOOJ</p>
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**Deficiency :
(指摘事項)**

During NRC inspection, deference was found between NDE Personnel Qualification Records retained by NTI and those retained by HZD&E/QA Section.

- (1) The latest job history records of Mr. Takaki (RT Level II) are not retained by HZD&E.
- (2) The Certificate for Mr. Tabuchi (PT Level II) issued on Jun. 3, 2002 is not retained by HZD&E.
- (3) The Certificate for Mr. Tabuchi (PT Level II) issued on Oct. 17, 2002 is not retained by NTI.

**Cause :
(原因)**

Periodical check of coincidence between records retained by NTI and those retained by HZD&E was not sufficiently carried out.

**Corrective Action :
(是正処置)**

- (1) Correct contents of file by NTI and HZD&E to be coincident for all NDE personnel.
- (2) Training to the related personnel.
- (3) For verification of sufficient periodical check, add "Coincidence between qualification records retained by NTI and those retained by HZD&E" as a check item into the internal audit checklist.

**Schedule :
(予定)**

(1), (2) & (3) : 2/5/03

Submitted by(提出者): T. W. ZOOJ Date(日付): 2.3.2003

Evaluation of Response(回答評価) (HZ D&E) :

Above response is acceptable.

Approved (承認)

2/3/2003
T. W. ZOOJ

Verification of Corrective Action Completion(是正処置完了確認) (HZ D&E)

Verified followings :

1. Verification Report on 2/4/2003 1 Sheet
2. Training Record on 2/4/2003 4 Sheets
3. Revised Internal Audit on 2/4/2003 3 Sheets
 Check List

Verified (確認)

2/4/2003
TIC

Reviewed (照査)

2.4.2003
T. W. ZOOJ

Approved (承認)

2/4/2003
T. W. ZOOJ

Verification Report for CAR, C-02-C-11

I checked all NDE Personnel Qualification Records retained by NTI and HZD&E QA Section and verified the coincidence between records retained by NTI and those retained by HZD&E QA Section.

Date: 2.04.2008

Verified by

D. Buschi
Quality Assurance Section

Exhibit M-06-1-1

INDOCTRINATION & TRAINING RECORD					
教育・訓練記録					
Purpose 目的 To understand the collection and retention of the NTI's personnel certified and qualified records					
Personnel or Sec. 対象 QA Section, NTI			Textbook QA Manual NQA-001 Rev9 Sec. M-50-1 テキスト CAR-02-C-11 and Record File		
Contents 内容 Assurance of coincidence between records retained by NTI and HZD&E					
Date FEB. 04. 2003 年月日		Duration 時間 (18:00~18:30)		Resp. Sec 実施担当部門 QUALITY ASSURANCE SECTION	
Instructor 講師 K. OGUCHI			Title 職名 (MANAGER of QA Section)		Place 場所 Cask Engineering Section Meeting Desk
No.	Sec. & ID NO. 所属、職番	Attendance 受講者名		No.	Sec. & ID No. 所属、職番
1	QASect. A0405	T. Yamaguchi: <i>T. Yamaguchi</i>		15	
2	NTI 27339	Z. Fukuda: <i>Z. Fukuda</i>		16	
3	QASec. 56732	<i>M. Hamano</i>		17	
4	QA Section 51495	T. IWAMOTO <i>T. Iwamoto</i>		18	
5	QA Section 20500	K. Oguchi <i>K. Oguchi</i>		19	
6				20	
7				21	
8				22	
9				23	
10				24	
11				25	
12				26	
13				27	
14				28	
Instructor (講師) <i>Feb. 04. 2003</i> <i>K. Oguchi</i>			Checked by RPIT (教育責任者) <i>Feb. 04. 2003</i> <i>Z. Fukuda</i>		Approved by Manager (部長) <i>2/4/2003</i> <i>M. Hamano</i>

HITACHI ZOSEN DIESEL & ENGINEERING CO., LTD.

TITLE : TABLE OF CONTENTS AND REVISION CONTROL SHEET	Sec. M-02-1	Rev. 9
	Page 1 of 1	

Sec. No	Title	Latest Rev. No.							
		2	3	4	5	6	7	8	9
-	Cover								
-	Policy Statement of Quality Assurance	3/10/98	1/20/99	1/20/99	1/20/99	10/29/99	8/1/01	8/1/01	8/1/01
M-01-1	Review Record of the QA Manual	2	3	4	5	6	7	8	9
M-02-1	Table of Contents and Revision Control Sheet	2	3	4	5	6	7	8	9
M-03-1	Glossary of Abbreviations and Definitions	0	0	0	0	1	1	1	1
M-04-1	Control of QA Manual	2	3	4	5	6	7	7	7
M-05-1	Organization Chart	0	0	0	0	1	2	2	2
M-05-2	Authority and Responsibility	0	1	2	2	3	4	5	5
M-06-1	Indoctrination and Training	1	2	2	2	3	4	4	4
M-10-1	Order Control	0	0	0	0	1	2	2	2
M-10-2	Design Control	1	2	2	2	3	4	4	4
M-15-1	Document Control	2	3	3	3	4	5	5	5
M-20-1	Purchase Control	2	3	4	5	6	7	7	7
M-20-2	Control of Purchased Items	2	2	2	2	3	3	4	4
M-25-1	Material Identification and Verification	1	2	3	3	4	4	4	4
M-30-1	Process Control	2	3	3	3	4	5	6	6
M-31-1	Nonconformance Control	0	1	1	1	2	3	3	3
M-32-1	Corrective Action	0	1	1	1	2	3	4	4
M-40-1	Heat Treatment Control	0	0	0	0	1	1	1	1
M-41-1	Welding Control	1	2	2	2	3	4	5	5
M-50-1	Examination, Inspection and Test	1	2	2	2	3	3	3	3
M-60-1	Measuring and Test Equipment Control	1	2	2	2	3	4	4	4
M-70-1	Handling, Storage, Shipping and Preservation	0	0	0	0	1	2	2	2
M-80-1	Quality Assurance Records	2	3	3	4	5	6	6	7
M-90-1	Audits	1	2	2	3	4	4	4	4

Prepared by 3/11/2002 <i>T. Nishida</i>	Reviewed by 03/11/2002 <i>T. Oguchi</i>	Approved by 3/11/2002 <i>[Signature]</i>
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HITACHI ZOSEN DIESEL & ENGINEERING CO., LTD.

TITLE : EXAMINATION, INSPECTION AND TEST	Sec. M-50-1	Rev. 3
	Page 1 of 5	

1. SCOPE

This section describes the responsibilities and controls used for examination, inspection and test for items to be constructed in accordance with the Customer's specification.

2. GENERAL REQUIREMENTS

- 2.1 Personnel who perform examination, inspection and testing shall be indoctrinated, trained and qualified.
- 2.2 Equipment used in examination, inspection and testing shall be calibrated and controlled in accordance with "Measuring and Test Equipment Control" (M-60-1).

3. EXAMINATION (NDE)

- 3.1 All NDE works are made by Nichizo Tech. Inc. (hereinafter NTI), who is the subsidiary company of Hitachi Zosen Corporation, under supervision of the Quality Assurance Section.
- 3.2 Personnel
- (1) NDE personnel of NTI shall be qualified and certified in accordance with the NTI's Written Practice which shall be reviewed and approved by Quality Assurance Section to assure that requirements of SNT-TC-1A and the applicable code are met.
- (2) The Quality Assurance Section shall retain a copy of the NTI's Written Practice and the personnel certification and qualification records.

Prepared by

10/29/99

T Iwa

Reviewed by

10/29/99

R. Suzuki

Approved by

10/29/99

M. Yamada

CORRECTIVE ACTION REPORT (是正処置報告書)		Document No (文書番号)		C-02-C-11	
TO : (宛)	Quality Assurance Section	Response Due Date (回答期限)	Prepared (作成)	Reviewed (照査)	Approved (承認)
		2/4/03	2/3/2003 TIC	T. U. KOOV T. U. KOOV	2/3/2003 T. U. KOOV
Deficiency : (指摘事項) During NRC inspection, deference was found between NDE Personnel Qualification Records retained by NTI and those retained by HZD&E/QA Section. (1) The latest job history records of Mr. Takaki (RT Level II) are not retained by HZD&E. (2) The Certificate for Mr. Tabuchi (PT Level II) issued on Jun. 3, 2002 is not retained by HZD&E. (3) The Certificate for Mr. Tabuchi (PT Level II) issued on Oct. 17, 2002 is not retained by NTI.					
Cause : (原因) Periodical check of coincidence between records retained by NTI and those retained by HZD&E was not sufficiently carried out.					
Corrective Action : (是正処置) (1) Correct contents of file by NTI and HZD&E to be coincident for all NDE personnel. (2) Training to the related personnel. (3) For verification of sufficient periodical check, add "Coincidence between qualification records retained by NTI and those retained by HZD&E" as a check item into the internal audit checklist.					
Schedule : (予定) (1), (2) & (3) : 2/5/03					
Submitted by(提出者): <u>T. U. KOOV</u> Date(日付): <u>2.3.2003</u>					
Evaluation of Response(回答評価) (HZ D&E) : Above response is acceptable.				Approved (承認) 2/3/2003 T. U. KOOV	
Verification of Corrective Action Completion(是正処置完了確認) (HZ D&E) :			Verified (確認)	Reviewed (照査)	Approved (承認)

INTERNAL AUDIT CHECKLIST (IA-CL-01 Rev.5)

M-50-1 : EXAMINATION, INSPECTION AND TEST					PAGE : 1 OF 3
ITEM NO.	REQUIREMENTS	COMPLIANCE			REFERENCE & REMARKS
		YES	NO	N/A	
1.	Are personnel who perform examination, inspection and testing indoctrinated, trained and qualified?				
2.	Are NDE personnel qualified and certified in accordance with the requirements of SNT-TC-1A and the applicable code?				
3.	Does Quality Assurance Section retain a copy of the NTI's Written Practice and the personnel certification and qualification records? (Verify coincidence between qualification records retained by NTI and those by HZD&E compared with both records.)				
4.	Are NDE procedures prepared by NTI reviewed by Quality Assurance Section and approved by the Manager of Quality Assurance Section?				
5.	Are NDE records prepared by NTI verified by Quality Assurance Section?				
6.	Does Inspection procedure prepared by Cask Engineering Section, reviewed by Quality Assurance Section and approved by the Manager of Cask Engineering Section include the following minimum data? (1) Definition or reference of acceptance criteria. (2) Material, tools, gages and inspection equipment used.				

ATTACHMENT - CAR (C-02-C-11)

(6/8)

INTERNAL AUDIT CHECKLIST (IA-CL-01 Rev.5)

M-50-1 : EXAMINATION, INSPECTION AND TEST				PAGE : 2 OF 3	
ITEM NO.	REQUIREMENTS	COMPLIANCE			REFERENCE & REMARKS
		YES	NO	N/A	
7.	Does the record of inspection prepared by the HZD&E inspector, reviewed by the Assistant Manager of Quality Assurance Section and approved by the Manager of Quality Assurance Section include the following minimum data? (1) Date of inspection (2) Identify of inspector (3) Type of observation (4) The results (5) The acceptability				
8.	Does the test procedure prepared by Cask Engineering Section, reviewed by Quality Assurance Section and approved by the Manager of Cask Engineering Section include the following minimum provisions/data? (1) Prerequisites and acceptance criteria. (2) Tools, gages and test equipment required/used. (3) Specification, drawing numbers and revisions required/applied. (4) Details on the methods and tests required/performed. (5) Characteristics to be tested and checked and environmental conditions involved. (6) Inspection and/or Hold Points required/performed.				
9.	Are the hydrostatic and pneumatic test procedures also reviewed by Cask Software Section? (In case of the Cask Software Section perform the design)				

ATTACHMENT - CAR (C-02-C-11) (7/8)

INTERNAL AUDIT CHECKLIST (IA-CL-01 Rev.5)

M-50-1 : EXAMINATION, INSPECTION AND TEST			PAGE : 3 OF 3		
ITEM NO.	REQUIREMENTS	COMPLIANCE			REFERENCE & REMARKS
10.	Do the test-reports prepared by the HZD&E inspector, reviewed by the Assistant Manager of Quality Assurance Section and approved by the Manager of Quality Assurance Section include the following minimum data? (1) Identity of the test, type test conducted and person performing the test (2) Procedure/instruction used for the test (3) Acceptance standards and test results (4) Final acceptance				

ATTACHMENT 1
NAC Reply to NRC Notice of Violation

Violation B. “Contrary to the above, procedure 004-T-02, revision 1, RI-P-01-1 was not appropriate to the circumstances in that it did not specify the dimensions required to be checked, nor the sample size required for neutron absorber plates. HZD&E receiving inspection record sheet number RI-P-01-1 was used to record the results of receipt inspection dimension checks for neutron absorber plates received on June 28, 2002, and November 28, 2002. The record contained only two dimensional inspection entries for the 1172 sheets of neutron absorber plate received on June 28, 2002, and the 1152 sheets received on November 28, 2002.”

Reason for Violation:

Although HZD&E was aware of the required dimensions of the neutron absorber plates, it was inappropriately believed to be unnecessary to record the required dimensions as these were clearly stated on the referenced drawing.

Additionally, HZD&E did not specify the sample size because all Boral materials are required by the applicable HZD&E purchase order specification to be 100% dimensional inspected by the QA approved material manufacturer and therefore, as dimensional overchecking by HZD&E is redundant, the quantity subjected to overchecking was left to the discretion of the certified receiving inspector.

Corrective Steps Taken and Results Achieved:

These dimensions did not need any additional checking, because the Boral plates were 100% dimensional inspected by the material manufacturer in accordance with HZD&E purchase order specification and HZD&E verified by record review that all of the received Boral plates were dimensionally compliant. Procedural direction has been enhanced as outlined below.

Corrective Steps Taken to Avoid Further Violations:

HZD&E Receiving Inspection Procedure No. 004-T-02 was revised (see Exhibit B) to provide more detailed direction for the conduct of receipt inspections of NAC related UMS materials. The text has been changed to require dimensional overchecking of any items that have not been (or will be) subjected to 100% dimensional inspection per referenced HZD&E inspection procedures 004-T-08 and 004-T-09. In addition, a sampling table was included based on appropriate industry related guidance (EPRI) to specify applicable sample sizes for the received item population. Finally, the receiving inspection report form was revised to require inclusion of the required dimension to be inspected and recording of sample size (quantity). Appropriate HZD&E receiving inspection personnel have been properly trained to assure the proper use of the revised procedure.

Date to Achieve Full Compliance:

February 6, 2003, complete.

ATTACHMENT 1

Exhibit B

**HZD&E Receiving Inspection Procedure
No. 004-T-02, Rev. 2**

NAC P.O. No.: 01-1224

6 Sheets
(with cover)

CUSTOMER: NAC INTERNATIONAL

JOB NAME: NAC-UMS TSCs AND BASKET ASSEMBLIES FOR DUKE

HZ MFG. No.: 16-F-10004



FOR INFORMATION ONLY

**RECEIVING INSPECTION
PROCEDURE**

HZ D&E

Hitachi Zosen Diesel & Engineering Co., Ltd.

NUCLEAR DEPARTMENT

(For Internal Use)

配布先	
NAC	3
キヒゲ	1
キゲキ	1
キセセ(缶)	1
キセセ(機)	
キセセ W	1
キセセ W1	
キセセ W2	
キセセ M	
キセク	1
NTI(検)	
AEC	
キシサ	
資(IP)	
計	8

Rev. No.	△0	△1	△2	△3	△4
Prepared by Cask Eng. Sec.	T. Kawahara Apr. 23. 2002	T. Kawahara *Jul. 4. 2002 Jun.	Feb. 6, 2003 <i>[Signature]</i>		
Checked by Cask Eng. Sec.	H. Noishiki Apr. 23. 2002	Y. Morimoto *Jul. 4. 2002 Jun.	Feb. 6, 2003 <i>[Signature]</i>		
Reviewed by QA Sec.	T. Iwamoto Apr. 23. 2002	T. Yamaguchi *Jul. 4. 2002 Jun.	2/6/2003 <i>[Signature]</i>		
Approved by Manager of Cask Eng. Sec.	T. Aboshi Apr. 23. 2002	T. Aboshi *Jul. 4. 2002 Jun.	<i>[Signature]</i> 2/6/2003		
Remarks		*2/6/2003 <i>[Signature]</i>			

REVISION CONTROL SHEET
(改 正 履 歴)

Rev. No. (改正番号)	Approved (承認日)	Description (記事)	Page No. (ページ番号)
0	Apr.23, 2002	First Issue	Cover, 2-6
1	Jun.4, 2002	1) Revised "Issued" to "Approved" 2) Revised Page No. for revision 0 3) Revised customer's specification revision number. 4) Editorial corection 5) Revised para.7.(2) to clarify the content of hold point for customers. 6) Revised "Receiving Inspection Record Sheet"	2 2 4 4 5 6
2	Feb.6, 2003	1) Revised customer specification 2) Added sample dimensional inspection 3) Revised "Receiving Inspection Record Sheet"	4 4, 5 6

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3. PERSONNEL	4
4. INSPECTION STAGE	4
5. APPLICABLE ITEMS.....	4
6. INSPECTION METHOD	4
7. ACCEPTANCE CRITERIA	5
8. REPORT.....	5
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RECEIVING INSPECTION RECORD SHEET	6

Receiving Inspection Procedure

1. Scope

This document covers the receiving inspection procedure for NAC-UMS TSCs and Basket Assemblies.

2. Applicable Codes and Specification

(1) NAC Purchase Order 01-1224

(2) PROCUREMENT/FABRICATION SPECIFICATION, NAC-UMS
TRANSPORTABLE STORAGE CANISTERS, BASKET ASSEMBLIES AND
FUEL CANS

Doc. No. 790-S-05 Rev.7 and DCR 790-S-05-7A, -7B,-7C and -7D and subsequent
revisions

(3) QUALITY LIST FOR THE NAC-UMS UNIVERSAL STORAGE SYSTEM,

790-Q-02 Rev.7, and subsequent revisions

(4) Applicable NAC / HZ D&E Documents

3. Personnel

The personnel who perform receiving inspection under this procedure shall be qualified and certified in accordance with HZ D&E standard (Doc. No. Q-01-2)

4. Inspection Stage

The inspection shall be performed at receipt of material or service.

5. Applicable Items

Items for all materials and services procured by HZ D&E except non-quality items.

6. Inspection Method

The certificate or substitute supplied for the items shall be inspected and compared to the requirements of applicable P.O. Specification.

Identification/Markings against material procurement specification and certificates shall be verified prior to acceptance of material.

Materials that are not inspected in accordance with dimensional inspection procedures (e.g. 004-T-08 and 004-T-09) shall be subjected to dimensional overchecking at Receiving Inspection.

The quantity of material that shall be dimensionally inspected at Receiving Inspection (sample size) shall be determined in accordance with the following table based on the population quantity.

Table Sample Size

Population Quantity	Sample Size
From 2 to 8	2
From 9 to 15	3
From 16 to 25	5
From 26 to 50	8
From 51 to 90	13
From 91 to 150	20
From 151 to 280	32
From 281 to 500	50
From 501 to 1,200	80
From 1,201 to 3,200	125
From 3,201 to 10,000	200
From 10,001 to 35,000	315

7. Acceptance Criteria

- (1) The certificate or substitute shall meet the requirements of applicable P.O. Specification.
 - (2) The hold point for the receipt inspection step applies only to NAC and Duke McGuire review and approval of CMTR*s and Certificates of Conformance. The receiving inspection should be performed after hold point is released.
- (*CMTR; Items of Category A in Quality List For The NAC-UMS STORAGE SYSTEM (790-Q-02) and Category B as identified in NAC Purchase Order (01-1224).

8. Report

All results of Receiving Inspection shall be recorded on Receiving Inspection Record Sheet (see attached sheet).

9. Repairs

Minor defects in materials, as defined by the appropriate material specification, may be repaired as allowed by the applicable code and/or specification provided that NAC approves the method and extent of repairs. Documentation must be provided to the supplier when materials are repaired by the material supplier. Defective material that can not be repaired in accordance with the applicable specification shall be scrapped and replaced.

ATTACHMENT 1
NAC Reply to NRC Notice of Violation

Violation C. “Contrary to the above, during the NRC inspection, HZD&E did not have a procedure describing the conduct of quality assurance surveillances or work monitoring, an activity affecting quality. Surveillances were performed without a procedure.”

Reason for Violation:

Although HZD&E was performing surveillance, it was incorrectly assumed that a formal procedure for conduct of same was not required.

Corrective Steps Taken and Results Achieved:

As surveillance was already being performed, all that was necessary was to develop and issue a procedure describing the process (including personnel certification, surveillance planning and reporting and how to document and resolve any noted deficiencies). An informational copy of HZD&E procedure Q-40-1, Rev. 0 “Internal Surveillance Standard” is included as Exhibit C.

Corrective Steps Taken to Avoid Further Violations:

Applicable HZD&E personnel have been appropriately trained to assure the proper use of this new procedure. Additionally, routine compliance to the requirements of this procedure will be periodically assessed via performance of comprehensive internal audits.

Date to Achieve Full Compliance:

February 6, 2003, complete.

ATTACHMENT 1

Exhibit C

**HZD&E Procedure Q-40-1, Rev. 0
“Internal Surveillance Standard”**

INTERNAL SURVEILLANCE

STANDARD

FOR INFORMATION ONLY

Rev. No.	Prepared by QA Sec.	Reviewed by QA Sec.	Approved by Manager-QA Sec	Reason for Revision
0	2/6/2003 <i>[Signature]</i>	2/6/2003 <i>[Signature]</i>	2.6.2003 <i>[Signature]</i>	---
1				
2				

1. SCOPE

This standard describes the procedure and responsibilities for performing internal surveillance to assure compliance with the requirements of QA Manual.

2. RESPONSIBILITIES

The QA Manager shall be responsible for directing the internal surveillance.

3. FREQUENCY

Internal surveillance shall be conducted at least once per each month at the locations where fabrication activities are carried out.

4. PERSONNEL

The internal surveillance personnel shall be the individual(s) in Quality Assurance Section.

Auditor / Lead Auditor certification is not required.

5. PROCEDURE

5.1 Internal surveillance shall be performed in accordance with the checklist previously provided by the Quality Assurance Section (see attached example).

The internal surveillance personnel shall verify compliance with the requirements specified in checklist by monitoring the fabrication activities.

The "Results" column shall be marked with an "A" for Acceptable, a "U" for Unsatisfactory, or "N/A" for Not Applicable. Any "U" will have a NCR or CAR.

Any "N/A" must be explained in "Findings or observations" column.

The materials, parts or any items monitored during a surveillance shall be documented on the checklist.

Special checklist may be developed when determined by the QA Manager to follow up on issues noted during audits or fabrication.

- 5.2 The internal surveillance personnel shall complete the checklist which shall include any findings, and forward the checklist to the Manager of Quality Assurance Section for review, and to the QA Manager for approval and to determine if any Nonconformance Report and/or Corrective Action Report shall be issued.
- 5.3 When determined as necessary, a NCR and / or CAR shall be issued in accordance with "Nonconformance Control"(M-31-1) and/or "Corrective Action"(M-32-1) in the QA Manual.
- 5.4 The Quality Assurance Section shall be responsible for transmitting the checklist approved by the QA Manager with the Corrective Action Report, if any, to the applicable section managers for their review and corrective action planning.
- 5.5 Follow-up action, such as a re-surveillance, shall be scheduled for all findings in accordance with the "Corrective Action" (M-32-1), when corrective action is requested, to verify whether corrective action is accomplished as scheduled.

6. SURVEILLANCE RECORDS

The Quality Assurance Section shall keep on file the surveillance records, such as the completed checklist and the Corrective Action Reports.

7. Attachment

Sample Surveillance Checklist, Fabrication Control of Nuclear Items

宛: 製長一キセセ、 キセク、 原長一キゲキ、 品長一キヒゲ、 ()

HZ D&E QAパトロールチェックシート - 原子力機器製作管理 Surveillance Check List Fabrication Control of Nuclear Items					Approved	Reviewed	Prepared
Date.	Shop: <input type="checkbox"/> Cask(C) <input type="checkbox"/> Turbine(T) <input type="checkbox"/> Laser(L) <input type="checkbox"/> Other()			Survey by :			
category	Check Items	Result	Items monitored	Findings or Observations	In charge	NCR	CAR
Storage	Is shop floor clean ? No dust on the Items ?						
	Are the items covered to prevent contamination ?						
	Are not the items laid down to floor or timber directly ?						
	Are not materials (STL) stuck with carbon steel ?						
	Are the item identified with the acceptance?						
	Are receiving area designated / controlled ?						
Fabrication	Are working area segregated from carbon steel ?						
	Are not items contacted directly with carbon steel ?						
	Does qualified welders do welding ?						
	Does welder monitor necessary data, enter the data ?						
	Are temporary attachment identified the heat / lot ?						
	Does Inspector use calibrated M&TE ?						
Expendable Material	Are tools segregated from ones for carbon steel ?						
	Are tape, marker designated for nuclear ?						
	Are clothes clean ?						
	Are NDE materials designated for nuclear ?						
	Are water in use analyzed, conform to the requirements ?						
	Are machining fluid analyzed, conform to the requirements ?						
Documents	Are check sheets beside the Items and signed properly ?						
	Does welder have necessary documents (WPS, etc.) ?						
	Does personnel performing activities have applicable documents ?						
Identification	Are identification mark transferred properly ?						
	Are receiving Items identified the acceptability with blue tag ?						
	Are nonconforming Items identified / segregated ?						
Others	Applied to each : Are records completed properly?						

ATTACHMENT 2

Objective Evidence for Addressing the Identified “Poor Practice”

NAME : TOSHITAKA YAMAGUCHI I.D. NO : A0405
LA-10

EXAMINATION DATE: SEP. 07, 2002

GRADE: 90 %

ACTUAL EXAMINATION RECORDS ARE RETAINED BY QA MANAGER
TO PROTECT ACCESS TO QUESTIONNAIRE FOR EXAMINATION.

NAME : TOSHITAKA YAMAGUCHI CERT. NO : I-12

EXAMINATION DATE: AUG. 01, 2000

GRADE: 100 %

ACTUAL EXAMINATION RECORDS ARE RETAINED BY QA MANAGER
TO PROTECT ACCESS TO QUESTIONNAIRE FOR EXAMINATION.

NAME : TOSHITAKA YAMAGUCHI CERT. NO : T-12

EXAMINATION DATE: AUG. 01, 2000

GRADE: 100 %

ACTUAL EXAMINATION RECORDS ARE RETAINED BY QA MANAGER
TO PROTECT ACCESS TO QUESTIONNAIRE FOR EXAMINATION.