

FEB 22 1990

Mr. Ralph Stein, Associate Director  
for Systems Integration and Regulations  
Office of Civilian Radioactive Waste Management  
U.S. Department of Energy, RW-24  
Washington, D.C. 20545

Dear Mr. Stein:

SUBJECT: OBSERVATION AUDIT OF REYNOLDS ELECTRICAL AND ENGINEERING CO., INC.

From September 25 through 29, 1989, members of the U. S. Nuclear Regulatory Commission (NRC) staff participated as observers on the U. S. Department of Energy (DOE)/Yucca Mountain Project Office (YMPO) Quality Assurance (QA) Audit No. 89-5 of Reynolds Electrical and Engineering Co., Inc., (REECO) conducted at Las Vegas, Nevada. The NRC staff evaluated the DOE/YMPO QA audit to gain confidence that DOE and REECO are properly implementing the requirements of their QA programs. The NRC staff based its evaluation of the audit process and the REECO QA program on direct observations of the auditors, discussions with the audit team, and reviews of the pertinent audit information (e.g., audit plan, checklists, and REECO documents) and other available pertinent information (e.g., NRC staff observation reports from 1988 and 1989 audits of REECO). This letter transmits NRC Observation Audit Report No. 89-7 for the DOE/YMPO QA audit of REECO.

The staff has determined that the DOE/YMPO Audit No. 89-5 of REECO was useful but marginally effective. The audit team seemed well-qualified in QA and their assignments and checklist items were adequately described in the audit plan. In general, the team satisfactorily assessed the REECO QA procedures and capabilities of the QA staff. The review of the implementation of the program by the line staff, however, was less effective for the following reasons. First, the REECO line staff has implemented almost none of the Level 1 QA program because of the nature and status of their responsibilities in the repository program (i.e., construction of the exploratory shaft). Second, DOE did not interview the line staff at REECO to determine their capabilities and understanding of the QA program requirements.

NRC staff agrees with the DOE/YMPO audit team findings that REECO has a sufficient QA program plan in place but that the effectiveness of implementation cannot be determined at this time. The Operations Equipment Department at REECO, however, was an area that the YMPO audit team identified as being ineffective which needs to be upgraded. Also, due to restrictions imposed by the Privacy Act, the NRC staff was unable to determine whether individuals are appropriately qualified.

For the above reasons, the staff is unable to make a determination on the ability of REECO to implement the QA program at this time. This one of the conditions we have identified for acceptance of an organization's QA program. DOE should plan a follow-up audit or surveillance, to be observed by the staff, after some implementation has taken place as a prerequisite for NRC acceptance of the program.

To assist the NRC in its continuing review, the DOE should furnish the NRC staff with its schedule for audits and surveillances of REECO activities in the next twelve months. The NRC staff will evaluate implementation of the REECO QA program on an ongoing basis, through observations of DOE audits and surveillances and/or through conducting its own independent audits of the QA program.

If you have any questions, please call Mark Delligatti on (301) 492-0430.

Sincerely,

John J. Linehan, Director  
 Repository Licensing and Quality  
 Assurance Project Directorate  
 Division of High-Level Waste Management

Enclosure: As stated

cc: C. Gertz, DOE  
 R. Loux, State of Nevada  
 D. Bechtel, Clark County, NV  
 M. Baughman, Lincoln County, NV  
 S. Bradhurst, Nye County, NV  
 K. Turner, GAO

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Mr. Ralph Stein

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