

January 10, 2008

Mr. Jack Ransohoff
President and CEO
Neutron Products, Inc.
22301 Mt. Ephraim Road
P. O. Box 22301
Dickerson, MD 20842

SUBJECT: NRC INSPECTION REPORT NO. 71-0121/2007-201 AND
NOTICE OF VIOLATION (VIOLATION REPORTING PERIOD CORRECTED)

Dear Mr. Ransohoff:

This letter refers to the inspection conducted on August 28-30, 2007, at Neutron Products Incorporated (NPI) in Dickerson, MD and Ranson, WV. The purpose of the inspection was to determine if NPI's activities associated with the transportation of radioactive material were being performed in accordance with the requirements of 10 CFR Parts 21, "Reporting of Defects and Noncompliance," and 71, "Packaging and Transportation of Radioactive Material," applicable certificates of compliance, and the quality assurance (QA) program approved by the U.S. Nuclear Regulatory Commission (NRC). The team inspection focused on the corrective actions taken by NPI's management in regard to a Notice of Violation issued by the NRC in November, 2006 documented in inspection report No.: 711-0121/2006201. The enclosed report presents the results of this inspection.

Based on the results of this inspection, violations of NRC requirements occurred. The violations were identified in the enclosed Notice of Violation (NOV) and the circumstances surrounding them are described in detail in the subject inspection report. The violations are being cited in the Notice because they were either identified by the NRC, or identified by NPI without corrective actions taken.

Though some improvement has been made in the implementation of the NPI QA Program since the previous NRC inspection in 2006, the NRC is concerned that many of the violations identified in the 2007 inspection indicate continuing programmatic weaknesses. Specifically the NRC is concerned that NPI may not be providing the necessary resources needed to improve implementation of its NRC approved QA Program. To verify that timely and effective corrective action has been taken by NPI in response to these concerns, the NRC will conduct another inspection of NPI in 2008.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice 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.

J. Ransohoff

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

Sincerely,

/RA/

David W. Pstrak, Chief
Rules, Inspections, and Operations Branch
Licensing and Inspection Directorate
Division of Spent Fuel Storage and Transportation
Office of Nuclear Material Safety and Safeguards

Docket No. 71-0121

Enclosures: 1. NRC Inspection Report No. 71-0000121/2007201
2. Notice of Violation

J. Ransohoff

-2-

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**U.S. NUCLEAR REGULATORY COMMISSION
Office of Nuclear Material Safety and Safeguards
Division of Spent Fuel Storage and Transportation**

Inspection Report

Docket: 71-0121

Report: 71-0121/2007201

Certificate Holder: Neutron Products, Inc.
22301 Mt. Ephraim Road
Dickerson, MD

Date: August 28-30, 2007

Inspection Team: Jim Pearson, Team Leader, SFST
Norma Garcia Santos, Project Manger, SFST

Approved by: David W. Pstrak, Branch Chief
Rules, Inspections, and Operations Branch
Licensing and Inspection Directorate
Division of Spent Fuel Storage and Transportation
Office of Nuclear Material Safety and Safeguards

EXECUTIVE SUMMARY

Neutron Products, Inc.
NRC Inspection Report 71-0121/2007201

From August 28-30, 2007, the NRC conducted an announced inspection at the Neutron Products Incorporated (NPI) facilities in Dickerson, MD, and Ranson, WV. The purpose of the inspection was to determine if NPI's activities associated with the transportation of radioactive material were being performed in accordance with the requirements of 10 CFR Parts 21 and 71, applicable certificates of compliance (CoC), and the U.S. Nuclear Regulatory Commission (NRC) approved quality assurance (QA) program. The team inspection focused on the corrective actions taken by NPI's management in regard to a Notice of Violation (NOV) issued to NPI in November of 2006. The results of the inspection are summarized below and in Table 1.

Management Controls

The team reviewed changes made in procedural controls based on the issuance of various new and revised NPI procedures. NPI's implementation of their QA program in this area was assessed to be adequate. However, as cited in the enclosed NOV, the team identified several instances where corrective action was inadequate in response to the 2006 NOV, or where the quality of NPI procedural guidance was inadequate for controlling quality-related activities.

Design Controls

At the time of the August 2007 inspection, NPI was not currently performing package design activities. The team review in this area focused on the implementation of any changes made by NPI in regard to the control of quality related activities for transportation packaging maintenance which were based on the findings of the 2006 NRC inspection. The team reviewed new procurement forms and other associated documents. No concerns were identified.

Fabrication and Maintenance Controls

NPI is not currently performing package fabrication activities. Many of the activities typically reviewed under fabrication controls are also applicable to maintenance controls. NPI's maintenance controls were assessed by the team through interviews and document reviews at both NPI's Dickerson, MD, and Ranson, WV, facilities. The team reviewed personnel training records and associated procedures, procurement documents, and identified incomplete corrective action from NPI's response to the 2006 NOV as noted in the attached NOV. Overall, NPI's implementation of their QA program in this area was adequate.

Table 1**Summary of Inspection Findings**

Regulatory Requirement 10 CFR Section	Subject of Violation or Noncompliance	Number of Findings	Type of Finding	Report Section	Issue/Subject
71.105(d)	Quality Assurance Program	1	Violation	2.1.2.2	Inadequate Quality Assurance program
71.111	Instructions, Procedures, and Drawings	3	Violation	2.1.2.4	Inadequate Quality Assurance Procedures
71.133	Corrective Action	3	Violation	2.1.2.3 2.1.2.4	Inadequate Corrective Action Process
71.135	Records	1	Violation	2.1.2.3	Inadequate Record Keeping
71.137	Audits	2	Violation	2.1.2.2 2.1.3	Inadequate Audit Process

REPORT DETAILS

1. Inspection Scope and Background

Neutron Products Incorporated (NPI) possesses a Title 10, Code of Federal Regulations (CFR) Part 71 Quality Assurance (QA) Program Approval for Radioactive Material Packages, Certificate Number 71-0121, Revision 7. The Certificates of Compliance (CoCs) currently held by NPI include:

<u>Model and Package Identification Number</u>	<u>COC#</u>
NPI-20WC-6	71-9102
NPI-20WC-6 MKII	71-9215

NPI owns and maintains, for the shipment of Cobalt 60 teletherapy sources, 11 packagings fabricated to the above CoCs. Units 1 - 3 are under CoC No. 9102, Units 4 - 11 are under CoC No. 9215. Note that currently NPI is not in receipt of any shipped materials but rather only performs maintenance on their packages.

The purpose of the inspection was to determine if NPI's activities associated with the transportation of radioactive material were being performed in accordance with the requirements of 10 CFR Parts 21 and 71, applicable certificates of compliance, and the NPI QA program approved by the NRC. The team inspected NPI's management, design, and maintenance activities. The team inspection focused on the corrective actions taken by NPI's management in regard to a Notice of Violation (NOV) issued to NPI in November of 2006. The results of the inspection are summarized below. The team reviewed procedures and instructions; inspected selected documents, records, and drawings; verified personnel training and qualifications; and interviewed personnel responsible for various activities.

1.1 Inspection Procedures Used

IP 86001, "Design, Fabrication, Testing, and Maintenance of Transportation Packagings"
NUREG/CR 6314, "Quality Assurance Inspections for Shipping and Storage Containers."

1.2 List of Acronyms Used

AVL	Approved Vendors Listing
CFR	Code of Federal Regulations
CoC	Certificate of Compliance
MRSP	Manager, Radioactive Shipping Packages
NOV	Notice of Violation
NPI	Neutron Products Incorporated
NRC	U.S. Nuclear Regulatory Commission
QA	Quality Assurance
QAMRT	Quality Assurance Manager for Radioactive Transportation
RSO	Radiation Safety Officer
SFST	Spent Fuel Storage & Transportation (Division of)
P.O.	Purchase Order

1.3 Persons Contacted

The team held an entrance meeting with NPI personnel on August 28, 2007, to present the scope and objectives of the NRC inspection. On August 30, 2007, the team held an exit meeting with NPI's personnel to present the preliminary results of the inspection. The individuals present at the entrance and exit meetings are listed below in Table 2.

Table 2

Entrance and Exit Meetings Attendance

NAME	AFFILIATION	ENTRANCE	EXIT
Jim Pearson	NRC	X	X
Norma Garcia Santos	NRC	X	X
Marvin Turkanis	Neutron Products	X	x
Jerry Fogle	Neutron Products	X	X
Bill Ransohoff	Neutron Products		X
Bob Nelson	State of Maryland	X	

2. Inspection Details

The team reviewed selected procedures, examined documents, records, and drawings, interviewed NPI's personnel and examined hardware and facilities.

2.1 Management Controls

2.1.1 Scope

The inspection of management controls focused on review of corrective actions associated with the 2006 NOV and taken by NPI in regard to QA policy, audit program, documentation controls, nonconformance controls, and 10 CFR Part 21 (Part 21) implementation. The team also reviewed training documentation which had been completed as a basis for the training associated with the corrective action from the 2006 inspection. NPI had completed training on R-5509, Revision 0, "Training For Radioactive Material Shipments," before January 31, 2007.

2.1.2 Observations and Findings

2.1.2.1 QA Policy

The team reviewed portions of the current NPI QA Program in association with the review of corrective actions performed to correct the 2006 NOV. While the team found the QA program adequate, its implementation was noted as incomplete or inadequate as documented in following portions of this inspection report.

2.1.2.2 Audit Program

In regard to the 2006 violation of 10 CFR 71.137, the team reviewed NPI's system for planning periodic audits. The team reviewed the NPI Quality Audit Procedure-Q1007, Revision 7, for

completing periodic audits. The team reviewed NPI's internal audit which was performed in 2006. The team noted that the findings of the audit had been considered by NPI in regard to corrective actions. In association with the 2006 audit, the team requested documentation to support the qualification and certification of the 2006 lead auditor. No documentation was provided for review by NPI personnel. This failure to provide required documentation is cited in the attached NOV.

During the review of the 2006 corrective actions, the team noted that the NPI procedures did not include a method or process for evaluating the proficiency of personnel performing quality activities, such as auditors, and also did not include a method for developing a periodic audit schedule. These issues are cited in the attached NOV.

Through NPI Staff interviews, the team was advised that since the 2006 NRC inspection, NPI created and filled a new position, Quality Assurance Manager for Radioactive Transportation (QAMRT). The QAMRT position was filled by existing NPI staff. The appointment of the QAMRT was documented in a letter issued by NPI's president in August 2007. The team's understanding is that this position is expected to assure that activities affecting quality for transportation activities are acceptably controlled. The QAMRT directed the team to the minimum qualifications and responsibilities for the QAMRT position, as compiled in the newly prepared NPI QA Program – Transportation Section, Revision 10; August 21, 2007; page 6 of 42; Section 4.1.5.2.

The team also reviewed the previous finding from 2006 in regard to 10 CFR 71.109. The team reviewed the NPI approved vendor listing and Procedure R-1516, Revision 1, "Vendor Qualifications" and verified that the previously identified lead auditor had been added to the list of NPI vendors.

2.1.2.3 Documentation Controls

The team reviewed documents in regard to the 2006 violations under 10 CFR 71.105(a) and 10 CFR 71.107(c) regarding indoctrination and training of quality personnel as well as procedures for activities that affect quality. The team noted that NPI had completed training on a new procedure; R-5509, Revision 0, "Training For Radioactive Material Shipments" and an existing procedure C-9001, Revision 3, "Document and Data Control," before January 31, 2007. The team reviewed documents attesting to the completion of the training and the attendance for the training. The team noted that an NPI Corporate Clerk maintains "Corporate" training records and the interaction between NPI Divisions is unclear as described and understood by some NPI staff in regard to document record control responsibilities. The team identified, through reviewing of sample documentation, that NPI training records were not maintained in accordance with the requirements of 10 CFR 71.135. This issue is cited in the attached NOV.

During the inspection the team reviewed drawings and correspondence developed and submitted to the NRC's Division of Spent Fuel Storage and Transportation. The team determined that NPI had contacted the NRC in regard to the needed changes to their CoCs for a configuration issue identified during the 2006 inspection and cited in an 2006 NOV. The team noted that these licensing actions are now complete.

The team identified two instances, where training provided since the 2006 inspection on new and revised procedures was incomplete. The NPI Records Clerk/Document Control Clerk/Document Control Coordinator completed the training on procedure R-5509, however did not complete training on procedures R-5507, R-5508, and C 9001. In addition, the Radiation

Safety Officer (RSO)-03 received training on R-5507, R-5508, R-5509, but not on procedure C-9001. (In both cases, responsibilities are assigned to the positions identified herein.) This issue of inadequate training is cited in the attached NOV.

The team noted that for NPI procedural revisions, review and approval shall go through the same process as original. The review is documented in a "Master List," which is maintained by the document control coordinator. The team noted that for NPI Division III, the Records Clerk, the Document Controller, and the Document Control Coordinator are all the same person. The team also identified a weakness in that other corporate personnel from other NPI divisions do not consistently inform Division III transportation personnel of corporate procedure revisions and training related to procedure C-9001 that may impact the control of quality related activities performed under Division III.

2.1.2.4 Nonconformance Controls

The team reviewed both the NPI corrective action process and nonconformance process required under 10 CFR 71.131 and 71.133. The team reviewed corrective actions associated with measures for identification and control of nonconformances and reviewed the newly developed NPI procedure, R-5507, Revision 0, "Control of Nonconforming Packaging Radioactive Material Transportation." Procedure R-5507 was developed to correct a 2006 finding. The team also recognized that NPI had completed training on procedure R-5507 before January 31, 2007.

The team also reviewed the newly developed NPI procedure R-5506, Revision 0, "Corrective and Preventative Action for Radioactive Material Transportation." The team also reviewed the NPI training documentation for NPI training on R-5506 which had been completed before January 31, 2007, except as noted in the attached NOV.

The team also noted that the two previously noted nonconforming transportation packages under the 2006 NOV, are now conforming under the licensing action described above and NPI has the necessary direction from the NRC to correct the same issues on other packagings under the same CoC.

The team identified that responsibilities of personnel filing a nonconformance need to be better defined in procedure R-5507, Revision 0. In addition, NPI needs to determine if RSO-03 will continue to have any responsibility under R-5507, which is currently stated under NPI procedure R-2019, Revision 3, "Teletherapy Shipping Packaging Maintenance Procedure." The lack of responsibility for the RSO in the NPI procedure R-5507 is cited in the attached NOV.

In addition to the above findings, the team noted that no responsible person was assigned for the capture and maintenance of records completed from the initiation of the new NPI procedure R-5506. Also noted by the team, the RSO has been assigned responsibilities in the body of R-5506 but the responsibilities of the RSO were not addressed in Section 4, "Personnel," of this procedure where other responsibilities were described. The team identified that only the MRSP and the QAMRT attended the training on procedure R-5506. Discussion of other NPI personnel, who might have required the R-5506 training, led to NPI personnel disclosing that a decision had been made on August 10, 2007 to use the corporate procedure C-9003, "Corrective and Preventive Action," which is different from the proposed corrective action in the reply to the 2006 NOV of implementing procedure R-5506. NPI was advised by the team to submit a revised response to the NRC in regard to the use of the corporate procedure C-9003, instead of procedure R-5506. The supporting decision for this change was reviewed by the

team in a letter from the MRSP to the QAMRT, dated August 10, 2007. This change on NPI's part left further training in question and the corrective action incomplete. These issues are cited in the attached NOV.

2.1.2.5 Part 21

The team reviewed the documents associated with the violation under 10 CFR 21.31, listed in the 2006 NOV, and noted that NPI has now posted current copies of the 10 CFR 21 regulations; The Energy Reorganization Act 1974 Sec. 206; and the NPI 10 CFR 21 implementation procedure.

The team reviewed the documents associated with the Part 21 training that NPI performed during the source handlers' training session in October 2006. The team examined the Part 21 postings by NPI at their facilities and noted they were located as required according to the regulation. The team also noted, through the review of a sample of NPI purchase order forms, that Part 21 (10 CFR 21.31) was imposed on suppliers, as applicable.

2.1.3 Conclusions

The team assessed that overall implementation of NPI's NRC approved QA program in this area was adequate. However, the team noted a number of areas where NPI's implementation of the QA program requires increased emphasis on full and accurate implementation of the program. The team identified areas requiring improvement in: (1) completion of required training, (2) developing/completing documentation, and (3) developing and completing records. In addition to these findings, the team identified a failure to maintain documentation to support the training, qualification, and certification of lead auditors.

These areas are considered violations of Part 71.105(d), 71.111, 71.133, 71.135, and 71.137, and are cited in the attached NOV.

2.2 Design Controls

2.2.1 Scope

The inspection of management controls focused on review of the areas of corrective action associated with the 2006 NOV and taken by NPI in regard to Design Control.

2.2.2 Observations and Findings

The team noted that the 2006 inspection finding regarding design control by NPI was resolved by addressing the design differences with the CoC granted by the Division of Spent Fuel Storage and Transportation Division (Licensing Branch); upon observation of the NPI Ranson, WV facility; and interviews of the NPI MRSP and QAMRT (through disposal of existing items not meeting the specifications required for use). The team noted that the 12 extra holes, the missing permanent labels on the outside of the package, and existing old labels have been dispositioned as required by the current CoC. These changes were approved under Amendment 8 of the Certificate of Compliance No. 71-9215.

2.2.3 Conclusions

The team assessed that the overall implementation of the QA program in this area was adequate.

2.3 Fabrication and Maintenance Controls

2.3.1 Scope

The inspection of fabrication and maintenance controls focused on review of the areas of corrective action associated with the 2006 NOV and taken by NPI in regard primarily to maintenance controls, more specifically procurement controls.

2.3.2 Procurement Controls

The team reviewed the efforts of NPI to establish measures to assure that purchased materials, equipment, and services conform to procurement documents and materials conform to procurement specifications according to the requirements of 10 CFR 71.115(a). The team reviewed samples of procurement documents, a letter issued on August 9, 2007 by the NPI MRSP to the QAMRT on disposition of old NPI purchase orders, and instructions and guidance for specific NPI personnel to use new forms that include a Part 21 legend. The team noted that the letter includes the following information: (1) personnel authorized to process NPI Division III P.O.s; (2) a brief description of approval process of purchase orders (P.O.s); and (3) mentions that no changes can be made to packages without prior NRC approval.

Though the team noted that no new procurements had been completed since the 2006 inspection for maintenance items, newer forms to be used for procurements do specify in a legend when provisions of 10 CFR Part 21 apply. The team noted that the modified P.O. forms, with the legend proposed in the reply to 2006 NOV, were available for use.

The team reviewed NPI procedure R-1516, Revision 1, "Vendor Qualifications" and interviewed both the QAMRT and the MRSP in regard to the new process for acquiring services such as lead auditors from contracted sources.

The team noted, through the review of NPI attendance sheets, that NPI had performed training on procedure R-5508 before January 31, 2007. The team also noted that NPI had performed corrective actions in this area though, as previously addressed, this corrective action was incomplete since all personnel involved in QA activities did not receive training.

The MRSP described to the team that NPI transportation package inspections are performed every 18 months. The team reviewed a sample of the inspection checklists at the Ranson, WV, facility. The team determined from their review that original maintenance records are kept at the Ranson, WV, facility and copies are maintained at the Dickerson, MD, facility.

2.3.3 Conclusions

The team assessed that the overall implementation of the QA program in this area was adequate.

3. Exit Meeting

An exit meeting was conducted by the team with NPI personnel on August 30, 2007. Attendance is shown in Table 2 above.

NOTICE OF VIOLATION

Neutron Products
Dickerson, MD 29210

Docket No. 71-0121

During an NRC inspection conducted on August 28-30, 2007, violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violations are listed below:

10 CFR 71.105(d) requires, in part, that the CoC holder shall provide for indoctrination and training of personnel performing activities affecting quality, as necessary to assure that suitable proficiency is achieved and maintained.

Contrary to the above, the inspection team identified that some NPI personnel (at a minimum, the RSO-03 and the NPI Division III Records Clerk/Document Control Clerk/Document Control Coordinator), who had responsibilities for performing activities affecting quality for Division III, had not been adequately trained and the QAMRT for NPI Division III had only evaluated one of the persons performing activities affecting quality as associated to 10 CFR Part 71 transportation activities at NPI and therefore NPI cannot be certain that proficiency is achieved and maintained for all NPI personnel performing activities affecting quality under Part 71.

This is a Severity Level IV violation (Supplement V).

10 CFR 71.111, requires, in part, that the CoC holder shall prescribe activities affecting quality by documented instructions, procedures, or drawings. . .

1. Contrary to the above, a newly developed procedure, "Corrective and Preventative Action for Radioactive Material Transportation," R-5506, Revision 0, was written to implement a process for the subject area, as none existed for Division III previous to the 2006 inspection. The newly developed 5506 procedure was identified during the 2007 inspection as inadequate for the following reasons:

R-5506, Revision 0, does not indicate any responsible party for the capture and maintenance of records completed from the implementation of the procedure.

the RSO has been assigned responsibilities in the body of the 5006 procedure, but the responsibilities of the RSO were not addressed in Section 4, "Personnel," of the procedure where other responsibilities were described.

2. Contrary to the above, the CoC holder has indicated that assigned responsibility exists for the RSO under NPI procedure, "Control of Nonconforming Packaging, Radioactive Material Transportation," R-5507, Revision 0, through a current statement found in NPI procedure "Teletherapy Shipping Packaging Maintenance Procedure," R-2019, Revision 3, yet the responsibility is not evident in the R-5507 procedure.

10 CFR 71.133, requires, in part, that the CoC holder shall establish measures to ensure conditions adverse to quality are promptly identified and corrected.

1. Contrary to the above, training had been provided on new and revised procedures to correct findings from the 2006 inspection, but the NPI did not possess records to show that the Clerk/Document Control Clerk/Document Control Coordinator completed required training on procedures, "Control of Nonconforming Packaging, Radioactive Material Transportation," R-5507, Revision 0, "Purchasing – Radioactive Transportation Packages," Revision 0, R-5508, and C-9001. Consequently at the time of the 2007 inspection, some NPI personnel had still not been adequately trained prior to performing activities affecting quality which were intended to correct violations identified during the 2006 inspection. In this case, responsibilities for performing activities affecting quality are assigned to the position identified herein.

2. Contrary to the above, the team identified that the Radiation Safety Officer (RSO)-03 did not receive required training on procedure, "Document and Data Control," C-9001, Revision 3. Consequently at the time of the 2007 inspection, some NPI personnel had still not been adequately trained prior to performing activities affecting quality which were intended to correct violations identified during the 2006 inspection. In this case, responsibilities for performing activities affecting quality are assigned to the position identified herein.

3. Contrary to the above, training had been provided on a new procedure, but only the MRSP and the QAMRT attended the training on procedure "Corrective and Preventative Action for Radioactive Material Transportation," R-5506, Revision 0, when other NPI staff were required to attend according to their assigned responsibilities. Consequently at the time of the 2007 inspection, some NPI personnel had still not been adequately trained prior to performing activities affecting quality which were intended to correct violations identified during the 2006 inspection.

This is a Severity Level IV violation (Supplement V).

10 CFR 71.135 requires in part that the CoC holder shall maintain sufficient written records to describe the activities affecting quality. These records must include qualification of personnel.

Contrary of the above, NPI could not produce sufficient written records during the 2007 inspection to support the training performed for corrective actions associated with the 2006 inspection. NPI did perform training however; some personnel requiring training were not trained.

This is a Severity Level IV violation (Supplement V).

10 CFR 71.137, requires, in part, that the CoC holder shall carry out a comprehensive system of planned and periodic audits to verify compliance with all aspects of the quality assurance program. The audits must be performed in accordance with written procedures or checklists by appropriately trained personnel.

1. Contrary to the above, the team noted that NPI could not produce any documentation supporting the adequate training of the lead auditor of the most current NPI internal audit. In addition, no documentation to support the certification of the lead auditor was provided.

2. In addition, contrary to the above, the NPI procedures do not include a method for developing a periodic audit schedule.

This is a Severity Level IV violation (Supplement V).

Pursuant to the provisions of 10 CFR 2.201, Neutron Products, Inc., is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to David W. Pstrak, Chief, Rules, Inspections, and Operations Branch, Licensing and Inspection Directorate, Division of Spent Fuel Storage and Transportation, Office of Nuclear Material Safety and Safeguards within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation, or if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post the Notice within two working days.

Dated this 10th day of January, 2008.