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MAR 01 1985

MEMORANDUM FOR: C. N. Smith, Section Chief  
Nuclear Material Control  
Licensing Section  
Fuel Facility SG Licensing Branch

FROM: Raymond L. Jackson  
Nuclear Material Control  
Licensing Section  
Fuel Facility SG Licensing Branch

SUBJECT: REVIEW OF REGION I INSPECTION REPORT NO. 70-687/84-05,  
DATED JANUARY 17, 1985, RECEIVED FEBRUARY 20, 1985 -  
UNION CARBIDE CORP.

As a result of a routine safeguards inspection conducted October 29 -  
November 2, 1984, two violations were identified concerning:

1. Section 1.3(b) of UC's FNMC Plan requires annual training in SSNM control procedures and accounting requirements for those individuals who are performing such tasks.
  - o The violation was due to the training records revealing that six employees did not receive the respective required training for a period of approximately eighteen months.
2. Section 8.2 (and 6.3) of UC's FNMC Plan requires that at least every twelve months the MC&A procedures and records will be reviewed and audited by UC's Nuclear Safeguards Committee. The Plan further commits that the individual(s) performing the audit will be independent of SSNM control management, measurement or utilization. The results of the annual review and audit, with any appropriate recommendations, will be reported in writing and forwarded to the Business Manager - Radiochemical and to the Nuclear Safeguards Committee.
  - o The violation consisted of Part (1) and Part (2).

Part (1): The aforementioned Annual Review and Audit failed to include UC's Training Program, Internal Controls and Physical Inventory sections of the FNMC Plan; and Part (2): UC's Business Manager - Radiochemical performed the annual review and audit (the report dated February 2, 1984) is not independent of SNM control management since he directs the activities of the Site Accountability Office (SAO) and who, in fact, also acts as an alternate during the SAO's absence.

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- o Art Della Ratta contacted me via telecon on November 1, 1984, while still on the UC site to discuss with me his inspection findings and intentions of issuing the two citations (violations) outlined in this memorandum. As a result of our discussion and as I understood the situations, I concurred with inspector Della Ratta's conclusions and agreed with his intent to issue the citations (violations).

After my telecon discussions with the inspector, a conference call with inspector Della Ratta, J. McGovern - UC's Business Manager, Radiochemicals, C. Konnerth - UC's SAO and myself took place (also on November 1, 1984). I told the UC personnel that the UC Business Manager, Radiochemicals, can't review, audit and/or approve the SSNM operations he is responsible for as far as the Annual Review and Audit is concerned in that the Business Manager, Radiochemicals is responsible for UC's overall safeguards program. Figure "A" (page 5) of UC's FNMC Plan reflects the obvious conflict. I suggested that UC may find it necessary to engage an independent consultant or a corporate audit team in order to satisfy the independency required of the SSNM MC&A Annual Review and Audit.

I called Art Della Ratta, Region I on February 28, 1985, to see if UC had as yet responded in writing as to the (1) corrective steps which UC has taken, or will take, and the results achieved, (2) corrective steps UC will take, or has taken, to avoid further violations of the type described in the referenced inspection report, and (3) the date when full compliance had been, or will be, achieved. Region I has not received UC's response. Art Della Ratta called (2/28/85) J. McGovern to ascertain UC's response status and was told "it's in the typewriter." The response was due to Region I by February 17, 1985 (30 days from the date of the Inspection Report). Region I agreed to send me a copy of UC's response. I will then review the submittal for adequacy in complying with the commitments found in UC's currently approved FNMC Plan.

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Raymond L. Jackson  
 Nuclear Material Control  
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