

# ADAMS Document Data Entry Form

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ARIZONA HEIGHTENED OVERSIGHT CONFERENCE CALL  
OCTOBER 21, 2010

<b>NRC Attendees</b>	<b>Arizona Attendees</b>
Randy Erickson, RSAO	Aubrey Godwin, Program Director
Duncan White, FSME	Robert Cope, Program Manager
Janine Katanic, FSME	
Monica Orendi, FSME	

### Summary

During the week of March 29, 2010 – April 1, 2010, an IMPEP review team performed a review of the Arizona Agreement State Program (the Program), in part, to determine if the period of Heightened Oversight initiated on July 21, 2008, could be relaxed. The review team noted several improvements in the program, but also identified additional issues that needed programmatic attention and further noted that the Program had not yet demonstrated a period of sustained performance in any of these areas.

The review team also closed previous recommendations, opened new recommendations, and ultimately recommended to the Management Review Board (MRB) that the period of Heightened Oversight continue. On June 22, 2010, the MRB met and agreed with the review team's recommendations that the period of Heightened Oversight be extended for an additional two years, that a Periodic Meeting be held in one year, and that following submission of an acceptable revised Program Improvement Plan (the Plan), that bimonthly Heightened Oversight calls with the Program would resume.

On September 7, 2010, the Program submitted a revised Plan for review (ML102510278). NRC staff concluded that the Plan as submitted would not fully satisfy the recommendations identified during the follow-up IMPEP review. Specifically, NRC staff noted that two of the recommendations were not fully described in the Plan, some of the tasks identified in the Plan were not sufficiently detailed or comprehensive enough to address the associated recommendation; and, milestones were not identified for one of the recommendations. These deficiencies and the need for the Program to resubmit a revised plan to the NRC were discussed in part, with both the Program Director and the Program Manager during a Heightened Oversight call on October 21, 2010.

Specifically, NRC staff identified the following specific comments that should be considered when the Program submits a revised Plan. These include:

Recommendations 1 and 4, as identified in the Plan, are not fully described as documented in the Arizona Final IMPEP Report dated July 12, 2010. For example, in the Plan, the words "to ensure Program needs are met and to maintain long-term stability of the program" were omitted from Recommendation 1. A failure to fully document each recommendation ultimately results in a loss of the intent of that recommendation, and could also result in the State not achieving full success in completing the recommendation. Fully documenting each recommendation in the Plan, allows for appropriate identification of comprehensive "Tasks" and "Milestones" for each.

The "Tasks" identified in the Plan are not sufficiently detailed or comprehensive to address the associated recommendation. While in some cases, an individual task may be all that is necessary to resolve a particular recommendation, this is not typically the case. Furthermore, some of the tasks identified in the Plan do not detail the measures the Program plans to use to ensure the task not only resolves the recommendation now, but ensures that the issue won't recur in the future. For example, with respect to Recommendation 2, the one task that is outlined in the Plan is to perform the accompaniments of the inspection staff by the end of this year. However, there should also be a task that addresses the measures that will be taken to ensure that accompaniments will be performed during future years. Likewise, regarding Recommendation 4, the one task that is outlined in the Plan is to review selected licenses with a potential for financial concerns. There should also be a task to address any deficiencies identified from the review, such as obtaining appropriate financial assurance or amending the licensee's possession limits. There may also be a need to develop or revise policies or procedures to address the recommendations, as well as training of staff on any developed or revised policies or procedures. The above examples can be used as a guide for the Program to develop more detailed and comprehensive tasks to address each of the recommendations in the Plan.

Once appropriate tasks have been identified, the Program will be in a better position to develop comprehensive "Milestones" that directly relate to the assigned tasks. Milestones typically are identified goals that measure how tasks and ultimately recommendations are being resolved. The milestones used should walk a reader through the various actions that will measure progress on the tasks which will ultimately resolve the recommendations. The NRC staff also noted that the Plan did not identify any milestones were for Recommendation 1, Task 2, "Cross training by all health physics staff." It is important that milestones be identified the tracked for each task in the Plan.

Additionally, during the October 21, 2010, initial Heightened Oversight call, the Program Director reported that the Program will revise the Plan, continue to work on the recommendations, and expect to have them completed, with a period of sustained performance, by the next IMPEP review tentatively scheduled for spring of 2012.

The next Heightened Oversight conference call is scheduled for January 6, 2011.

**Status of Recommendations from the 2010 IMPEP Review:**

- 1. The review team recommends that the State review and update, if appropriate, the Agency's staffing and budget plan to ensure Program needs are met and to maintain long-term stability of the Program.*

On October 21, 2010, the Program reported they are fully funded for FY11 and continue to operate under that budget. Budgets for FY12 and FY13 were submitted on August 31, 2010. It is uncertain at this time what the outcome of a legislative review will hold, but the Program is hopeful there will be no further cuts to their budget. At the time of the call, the Program Director stated that the State had a budget deficit of approximately \$800 million. In addition to that,

some programs were required to return a sum total of approximately \$700 million to the State treasury in an effort to fund two unrelated children's programs, but this give-back will not affect the Radiation Control Program. On November 9, 2010, during a subsequent call with the Program, the Program Manager stated that two referendums were on the November 2010 ballot to provide funding for the children's programs, and both were defeated. This will result in a State budget deficit of approximately \$1.5 billion. At the time of the November call, the Program had not experienced any negative effects from the shortfall.

The Program Director reported that while they have been given authorization to fill long standing vacancies, they have yet to permanently fill any of the vacant positions. Their plan is to first try and recruit from within the Program to fill those vacated positions. If they are not successful in that effort, they will post the positions outside the Program. In an effort to keep up with inspections and licensing, they have cross trained some staff members who work in other parts of the Program to be able to assist with the inspection program. The Program Director reported they have been able to keep up with inspections and that there were no overdue inspections.

- 2. The review team recommends that an Agency manager accompany each inspector, at least annually, to ensure quality and consistency in the inspection program.*

On October 21, 2010, the Program Director reported that in the six months since the follow-up review, they have only been able to perform one inspector accompaniment, with the remaining three tentatively scheduled to be completed by November 15, 2010. The one accompaniment was performed by the Program Manager. NRC staff questioned the delay in the timely completion of the accompaniments given this was a recommendation on the previous IMPEP review held in 2008. The Program Director indicated there were various reasons why these were not yet completed, but believed that they can get the rest completed by November 15, 2010. This continues to be an area where the Program has failed to demonstrate sustained performance.

- 3. The review team recommends that the State implement the pre-licensing checklist and guidance for all licensing actions to provide assurance that radioactive material will be used as specified on the license.*

On October 21, 2010, the Program Director and Program Manager reported they believe they have completed this recommendation. They stated that they have been following the pre-licensing guidance provided by NRC, but that initially they had misunderstood the meaning of "person". During the follow-up review, the review team noted that the Program used the pre-licensing checklist on all new licensing actions. However, they failed to use it for certain specific change-of-ownership actions as well as certain new applicants they believed to be known entities because they were named as authorized users or radiation safety officers on other licenses. Program staff did not recognize that the owner is the actual licensee, and if they did not have a relationship with that specific individual, the pre-licensing guidance had to be used. The Program has subsequently modified their pre-licensing checklist to reflect this understanding, and have trained the licensing staff.

4. *The review team recommends that the State review its radioactive materials licenses regarding the requirements for financial assurance, and either obtain financial assurance for licenses that are authorized to possess the applicable quantities, or revise the license conditions to ensure clear quantity limits that will not require provision of financial assurance.*

On October 21, 2010, the Program Director reported that they have completed a review of approximately 60 percent of licenses to determine if financial assurance requirements apply to them. Financial assurance instruments will be obtained for those licensees who are found to require financial assurance or the authorized license possession limits will be modified. The Program estimates they will have completed this task by December 31, 2010.

**Conclusion:**

As described above, NRC does not believe the initial Program Improvement Plan as submitted by the Program on September 7, 2010, was sufficiently detailed or comprehensive enough to address the associated recommendations identified during the 2010 IMPEP review. The Plan as submitted should be revised and resubmitted to NRC by December 21, 2010.



Randy Erickson  
State Agreements Officer  
Region IV

Arizona Heightened Oversight  
Conference Call Summary

Internal distribution via e-mail:

- Roy Caniano, DNMS
- Charles Cain, DNMS
- Robert Lewis, FSME
- Terry Reis, FSME
- James Luehman, FSME
- Duncan White, FSME
- Randy Erickson, SAO
- Rachel Browder, SAO
- Monica Orendi, FSME
- Janine Katanic, FSME
- Michelle Beardsley, FSME
- Karen Meyer, FSME

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