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Washington, DC 20555-0001

Attn: Document Control Desk

c.c.: Chief, Mechanical Vendor Branch
Division of Construction Inspection and Operational
Programs
Office of New Reactors

Subject: Reply to a Notice of Nonconformance

IBF ref.: QA1300021-NUC_r00

Your ref.: NRC letter dated July 31, 2013

NRC Inspection Report No. 99901428/2013-201 and Notice of Nonconformance

Nonconformance No. 99901428/2013-201-01

Identification of Deficiency

Criterion VII, "Control of Purchased Material, Equipment, and Services," of Appendix B to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50, states, in part, that, "Measures shall be established to assure that purchased material, equipment, and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions, as appropriate, for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery."

Contrary to the above, IBF failed to assure that purchased material, equipment, and services conformed to the procurement documents through source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, or examination of products upon delivery. Specifically,

1. The IBF quality program allows for the procurement and acceptance of materials and services from commercial suppliers without performing commercial-grade dedication to verify that the material and services will perform their intended safety function. IBF procured commercial services from vendors supplying material, forging services, machining services, calibration services, chemical analysis services, material pickling services, lead auditor services, and nondestructive examination Level III services without conducting appropriate oversight and commercial-grade dedication for these commercially procured services.

2. IBF Quality System Manual (QSM) Section 11, "Control of Purchased Material Equipment and Services" and IBF Procedure PGQ-N25, "Qualification of Suppliers," allow IBF to procure material and services based on American Society of Mechanical Engineers (ASME) certification without verifying implementation of their quality assurance program through audit or other actions, as described in NRC Information Notice 86-21 and supplements 1 & 2.

3. IBF QSM Section 11 adopts the provisions of Subsection NCA 3855.3(c) of Section III of the ASME Boiler and Pressure Vessel Code that allows for the acceptance of commercial calibration services for use in safety-related applications without performing commercial-grade dedication, including the use of additional accrediting bodies not approved by the NRC, and the use of calibration laboratories outside of the United States.

Reason of noncompliance

IBF Quality System Manual (QSM) and Quality Procedures (PGQ-N) were written to specifically support ASME Section III NCA-3800 code implementation activities and they include all specific controls that implement the quality program requirements to meet ASME requirements.

IBF wrongly assumed that its Procurement Process was actually in accordance with Commercial Grade Dedication requirements, even if written with an approach and a vocabulary proper of ASME NCA 3800.

This wrong assumption was confirmed by Customer Audits versus 10CFR50 Appendix B that identified no major issues on IBF Procurement Process.

During NRC inspection, IBF issued corrective actions RAC1300020_r01 and RAC1300036_r00 to address this noncompliance.

Corrective actions

IBF developed and implemented:

- an Appendix 01 to its QSM Ed. 01 Rev. 03 clearly specifying in detail all requirements additional to ASME NCA 3800 needed to be in compliance with 10CFR50 Appendix B.

Appendix 01 (sect. 2.2.3(c) and 2.2.3(d)) states that ASME NCA 3820(a) and 3855.3(c) are not applicable under 10CFR50 Appendix B

- a specific procedure to cover Commercial Grade Dedication Process (PGQ-N95)

- twelve Dedication Plans Standard covering all IBF Procurement affecting Quality (PGQ-N95).

Corrective actions scheduling

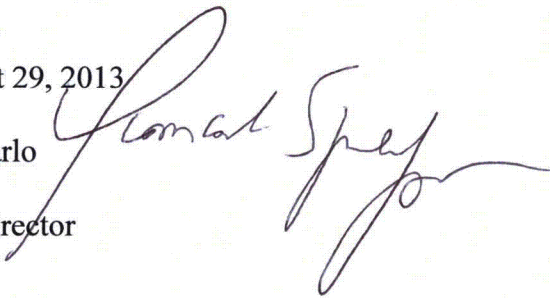
All documents were issued.

Training course are running. Deadline: end of September.

Colnago, August 29, 2013

Sprenger Giancarlo

IBF QA / QC Director



Attached:

Rev. 00 of "Appendix 01 to Quality System Manual ed. 01 rev. 03"

PGQ-N95 rev 00 "Commercial Grade Dedication Management Procedure"

Purchasing Specification mentioned in Dedication Plans:

PS-0900001_r02; PS-0900014_r03; PS-1000001_r02; PS-1000005_r01; PS-1000020_r01; PS-1000018_r00;

PS-1100011_r01

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- Certified ASME Q.S.

- Certified ASME NPT