

NRC TRAVEL TRIP REPORT

Nuclear Procurement Issues Committee (NUPIC) observation at IHI Southwest Technologies, Inc.

Travelers, Office, Division, Phone Number:

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Subject: Nuclear Regulatory Commission (NRC) observation of a Nuclear Procurement Issues Committee (NUPIC) audit at IHI Southwest Technologies, Inc. (ISwT)

Travel Dates and Location:

September 14-19, 2014; IHI Southwest Technologies, Inc., San Antonio, Texas

Desired Outcome:

To verify, by direct observation, the effectiveness of the independent oversight activities performed by NUPIC to qualify vendors in accordance with the requirements of Appendix B, "Quality Assurance Program Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50, "Domestic Licensing of Production and Utilization Facilities."

Results Achieved:

The NRC inspection team verified that NUPIC effectively implemented their audit process. The NRC inspection team noted that, while this process is currently effective to ensure NUPIC checklist completion, additional focus on safety culture may improve NUPIC's ability to evaluate vendor performance.

Summary of Trip:

IHI Southwest Technologies, Inc. (ISwT) supplies nondestructive examination services to the domestic and international nuclear utility market (and its suppliers) in the United States, Asia, Canada, and Europe. ISwT provides nondestructive examination services for the nuclear power industry, either to Appendix B to 10 CFR 50, or to the American Society of Mechanical Engineers (ASME) NQA-1-1994, "Quality Assurance Requirements for Nuclear Facility Applications," standard. Activities include nondestructive examination services that include ultrasonic and visual examination of reactor vessel components.

The NUPIC audit team consisted of five audit members and one technical specialist. The objective of the NUPIC audit was to use the NUPIC audit checklist to determine the acceptability

and verify the effective implementation of ISwT's quality assurance (QA) program in accordance with the requirements 10 CFR Part 50 Appendix B, ASME NQA-1-1994, and 10 CFR Part 21, "Reporting of Defects and Noncompliance." For the audit observation, the two NRC inspectors each selected a sample of the audit checklist review areas for verification. The NRC inspectors observed NUPIC's review and evaluation processes for the implementation of ISwT's QA program for ensuring design requirements, including ASME requirements, and associated design specifications were adequately incorporated into the qualification, engineering, and dedication processes. The NUPIC audit and audit checklist also addressed software QA.

ISwT provided its QA manual and other implementing procedures to the NUPIC audit team. The audit team reviewed the implementation of the requirements of 10 CFR 50, Appendix B in the QA program and supporting implementing procedures, evaluated the documentation associated with the activities that had been performed, and discussed the activities with ISwT personnel. The audit team observed work practices to verify activities were in accordance with applicable procedures.

The NUPIC audit team conducted daily team meetings to discuss observations and findings. The NRC inspectors observed these meetings to verify that the NUPIC audit team was adequately addressing issues and effectively verifying the implementation of QA requirements.

The areas reviewed during the audit included the following: contract review, commercial-grade dedication, software QA, procurement, fabrication/assembly activities, material control and handling, storage and shipping, special processes, tests, inspection and calibration, document control/adequacy, organization/program, nonconforming items, 10 CFR Part 21, internal audit, corrective action, training/certification, and records.

At the exit meeting, the audit team presented nine potential findings to ISwT management. The findings were in the areas of Internal Audits, Commercial Grade Dedication, Software QA, Corrective Actions, Procurement Document Control, Calibration, and External Audits.

The audit team recommended that a Limited Scope Audit be performed in the interim before the next NUPIC audit.

The NRC inspectors observed all of the NUPIC audit team members perform in part, or in whole, their portion of the audit. The NRC inspectors found that the NUPIC audit team adequately addressed the specific areas of the checklist on which the NRC inspectors focused their review. The NRC inspectors reviewed the training and qualifications of the NUPIC audit team members and found that they were fully trained and qualified to conduct the audit.

In addition to the audit findings identified above, the NUPIC audit team determined that ISwT was not effectively implementing its QA program, and consequently issued a NUPIC Significant Notification to the industry.

The NRC inspectors concluded that the NUPIC checklist was effectively implemented by the audit team.

Pending Actions/Planned Next Steps for NRC:

The NRC will review the finalized NUPIC report and, if needed, address any new information that was not addressed in the audit exit meeting on Friday, September 19, 2014.

Contact Information:

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