NPS Industries, Inc.
99900348/79-01

NOTICE OF DEVIATION

Based on the results of an NRC inspection conducted on September 4-7, 1979, it appeared that certain of your activities were not conducted in full compliance with NRC requirements as indicated below:

A. Criterion XVIII of Appendix B to 10 CFR 50 states in part, "A comprehensive system of planned and periodic audits shall be carried out . . . . Audit results shall be documented and reviewed by management having responsibility in the area audited Followup action, including reaudit of deficient areas, shall be taken where indicated."

QA Manual Section 18.0, paragraphs 18.0.4 and 18.0.5 states in part, "The Manager of Quality Assurance shall review the audit reports to determine whether the audit results were satisfactory, whether recommended action is sufficient for the findings and establish a required effective date for completion of corrective action, (Exhibit 18.2). After approval of the audit report by the Manager of Quality Assurance, a copy will be forwarded to . . . the supervisor of the area audited . . . Reaudits will be conducted in the same manner as . . . the initial audit." Exhibit 18.2 is the Audit Finding Sheet, which requires actual corrective action to be signed off by the responsible person. It also requires reaudit results to be signed off and dated by the auditor, and the closing of the finding to be signed off and dated by the Manager of QA. An internal audit log is used to show the status of internal audits.

Contrary to the above, the internal audit log showed three (3) audits, consisting of twelve (12) findings, to be closed when in fact, nine (9) of the findings had not been signed off signifying actual corrective action (responsible person), reaudit results (auditor) and closing of the finding (Manager of QA). (See Details Section, paragraph H.3.a.)

It should be noted that during this inspection, the nine (9) findings noted above were closed out by review of supporting documentation and the obtaining of signatures as required by the QA Manual.

B. Criterion V of Appendix B to 10 CFR 50 states in part, "Activities affecting quality shall be prescribed by documented instructions, procedures, or drawings, or a type appropriate to the circumstances and shall be accomplished in accordance with these instructions, procedures, or drawings . . . ."

QA Manual Section 9.1, paragraph 9.1.4.e. states in part, "Refer to NPSI work Procedure 9.1.1 for General Welding Control . . . ."

Work Procedure 9.1.1, paragraph 3.5 states, "The Manager of Quality Assurance shall review and approve PQRs and WPSs which have been qualified by those

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PQRs." Paragraph 5.2 states, "The PQR shall include the base material(s) specification, material grade, type and/or class; the essential variables; the WPS number, date, and revision number; and the test results."

Contrary to the above, two (2) of six (6) WPSs, which have been released for production welding had not been approved by the Manager of Quality Assurance, and the PQRs either did not list the WPS revision or an obsolete revision was listed.

C. Criterion IV of Appendix B to 10 CFR 50 states in part, "Measures shall be established to assure that applicable regulatory requirements, design bases, and other requirements which are necessary to assure adequate quality are suitably included or referenced in the documents for procurement of material, equipment, and services, whether purchased by the applicant or by its contractors or subcontractors . . . ."

ASME Code Section V, Article 6 requires a manufacturer to obtain certifications of required tests performed on penetrant materials by the penetrant material manufacturer.

Contrary to the above, measures were not established to assure the above requirements were included or referenced in the documents for procurement. Certifications for penetrant materials were not available nor were they included or referenced on the purchase order. (See Details Section, paragraph J.3.a.)