

GENERAL ELECTRIC

NUCLEAR ENERGY

BUSINESS GROUP

GENERAL ELECTRIC COMPANY, 175 CURTNER AVE., SAN JOSE, CALIFORNIA 95125

May 15, 1981

United States Nuclear Regulatory Commission
Office of Inspection and Enforcement, Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 76011

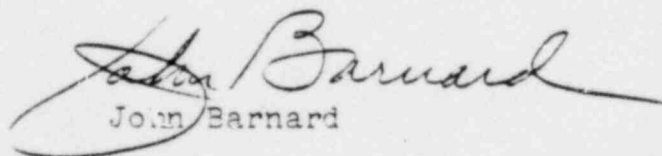
Attention: U. Potapovs, Chief
Vendor Inspection Branch

Reference: NRC Letter - Docket No. 99900403/81-01
dated April 14, 1981

This letter is in response to your April 14, 1981, letter which contained the results of the Quality Assurance Program Inspection of the Nuclear Energy Business Group's facility at San Jose, California, conducted by members of your office on March 9-13, 1981. Your letter was received in Dr. Beaton's office on April 20, 1981. Dr. Beaton has requested that I respond to your letter on his behalf.

We find nothing in your Inspection Report No. 99900403/80-01 of a proprietary nature which should be withheld from public disclosure.

The report identifies five deviations. Three of these, A, C, and D, were answered during the inspection. For the deviations A and C, the report concludes: "Corrective action and preventive measures were taken prior to completion of the inspection, therefore no written response relating to this finding is required." For deviation D, the report concludes: "Corrective action and preventive measures were accomplished or committed prior to completion of the inspection, therefore no written response to this finding is required." The other two deviations, B and E, require a written response by the Nuclear Energy Business Group. The statement of deviations, with our corresponding responses, is contained in Attachment 1 to this letter.


John Barnard

JB:es

Att.

cc: R. H. Beaton

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ATTACHMENT 1
DEVIATIONS AND RESPONSES

Deviation B:

"Engineered Equipment Procurement Section (EEPS) procedure, EEPS-1 (Engineered Equipment Procurement Section Internal Audit Procedure), states in part, 'The Lead Auditor will prepare an overall summary audit report, including the sub-section reports and forward it to the Manager EEPS within 30 days after the Post-audit conference... The Lead Auditor will submit to the Manager EEPS a Bi-monthly report identifying the status of the committed corrective actions... Internal EEPS audits will be conducted in accordance with ANSI Standard N45.2.12.'

ANSI Standard N45.2.12 states in part, 'An audit report, which will be signed by the audit team leader shall provide: ...Persons contacted during pre-audit, audit, and post-audit activities.'

Contrary to the above, the audit report for Audit NEPO 80-1 (1980 Internal Audit of the Nuclear Energy Purchasing Operation) was not published and forwarded to the Manager EEPS within 30 days after the Postaudit Conference, which was held on October 31, 1980, and the Lead Auditor had not yet submitted a bi-monthly report identifying the status of the committed corrective actions. Also, the audit report did not provide a listing of the persons contacted during pre-audit and post-audit activities. However, the report did state that the attendance list for the pre-audit meeting was on file."

Response:

The audit report for Audit NEPO 80-1 was not published and forwarded within 30 days but was, however, forwarded one week late on December 8, 1980. It is believed this is an isolated case and the lead auditor has been contacted regarding this discrepancy.

During January, 1981, the lead auditor was informed that the Manager, Nuclear Energy Purchasing Operation (NEPO) had initiated steps to rewrite the EEP Manual. The new procedures of this rewritten EEP Manual were expected to close seven of the nine CARs issued. (The remaining two CARs had been reaudited and closed in a satisfactory manner.) The lead auditor therefore did not consider it necessary to issue bimonthly reports to the NEPO Manager when that manager had initiated in the rewritten EEP Manual the needed corrective actions which would have been discussed in these reports. The new manual entitled Purchasing Guidelines and Responsibilities (PG&R) was issued 5/1/81 and a letter-report summarizing the status of the CARs was issued during the same week. In the future, status reports will not be omitted, but will be issued as required by PG&R 50-5.00 which replaced EEPS-1.

Lists of persons contacted during the preaudit, audit, and postaudit activities were not in the audit report. However, all attendance lists for this audit report are on file in the audit folder. NEPO lead auditors have been made aware that future audit reports must provide the names of persons contacted during the preaudit, audit, and postaudit activities.

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Deviation E:

"Quality Control Standing Instruction No. 7.2.19 (Deviation Disposition Request (DDR) Procedure), states in part, in paragraphs 3.10.4 and 3.10.5, 'Changes (to DDRs) shall be initialed and dated by the QC Engineer... After DDRs reach San Jose, if they are voided... the QCE shall...obtain the original master...mark it void... note on it the reasons and any replacing/superseded DDR and Revision No. ... sign and date the note.'

Contrary to the above:

- (1) The identification number of DDRs 25293, 25296, and others were changed without exhibiting the required dated initials of the QC Engineer.
- (2) DDR 24215 and others were voided without noting on it the replacing/superseded DDR and Revision Number."

Further, from page 20 of the Inspection Report,

"(2) With respect to nonconformance E:

- (a) The identification number of the following additional examined DDRs were changed without exhibiting the required dated initials of the QC Engineer: 24062, 24076, and 25376.
- (b) The following additional examined DDRs were voided apparently without noting the replacement DDR number on the voided DDR: 25384 and 24248 through 24264.
- (c) Seventeen of the examined DDRs were voided apparently without noting the reason on the DDR."

Response:

The following DDRs which were cited in the inspection report have been investigated with the resulting conclusions:

24062	These original DDRs were never issued by the supplier nor
24076	logged in by GE. A supply of blank prenumbered forms are
25293	provided to each supplier from which he draws a DDR for each
25296	request for a deviation. In the case of submitting a revision
25376	to a DDR or retyping an original wherein it is desired to
	retain the original number, the suppliers are instructed to
	mark out the preprinted number and replace it with the proper
	number. Control of the DDR numbers begins when the DDR is
	logged in by GE. In accordance with this practice these DDRs
	had the preprinted number crossed out by the supplier who had

Response: (continued)

then substituted another DDR number in the block before issuing the DDR. This practice is not considered by NEPO to require initials and dates. In order to clarify the intent of this practice, Quality Control Standing Instruction 7.2.19 will be changed by July 31, 1981 to include the numbering practice for DDRs.

24215 This DDR was a supplier's proposed copy and was never formally submitted. The finalized DDR as later issued by the supplier and logged in by GE was numbered 24220.

25384
24248
24249
25251
24253
24255
24259
24264

The DDRs listed here were issued by the supplier and logged in by GE. The required entries for these DDRs have been added by the responsible QC Engineer. These DDRs were all processed by one QC Engineer. He had been on an overseas assignment at the time QCSI 7.2.19, paragraphs 3.10.4 and 3.10.5 were revised. He was counseled by management on April 29, 1981, of these revised requirements and of the necessity for compliance with them. Since this appears to have been a traceable isolated situation, no further action is believed necessary.

24250
24252
24254
24256
24257
24258
24260
24261
24262
24263

These DDRs had not been issued by suppliers at the time of the NRC inspection. A sampling was made with several suppliers and as of May 8, 1981, 24260 was confirmed to still be at a subsupplier's facility, while 24261, 24262, and 24263 were confirmed to still be at a prime supplier's facility.