

~~TOP SECRET INFORMATION~~

56-0-5
180

U. S. NUCLEAR REGULATORY COMMISSION
OFFICE OF INSPECTION AND ENFORCEMENT

REGION V

Report No. 70-25/77-06 (IE-I-180)
Docket No. 70-25 License No. SNM-21 Safeguards Group 1

Licensee: Atomics International Division

Rockwell International

S-F5-27-149
Copy 1 of 5 copies
8 pages

8900 DeSoto Avenue

Canoga Park, California 91304

THIS DOCUMENT IS NOT TO BE
REPRODUCED WITHOUT SPECIFIC
APPROVAL OF IE:V

Facility Name: _____

Inspection at: _____

Inspection conducted: July 11-15, 1977

Inspectors: B. L. Brock
B. L. Brock

8/15/77
Date Signed

B. L. Brock for
G. H. Hamada

8/15/77
Date Signed

Y. Kobori
Y. Kobori

8/12/77
Date Signed

A. Wieder
A. Wieder

8/12/77
Date Signed

Approved by: Y. Kobori
for R. Norderhaug, Acting Chief, Safeguards Branch

8/15/77
Date Signed

Summary:

Inspection on July 11-15, 1977 (Report No. 70-25/77-06)

Areas Inspected: Routine unannounced inspection of facility organization, facility operation, measurements and statistical controls, shipping and receiving, storage and internal control, physical inventory, MUF and LEMUF, records and reports and management of materials control system. The inspection involved 140 inspector-hours on-site by four NRC inspectors.

Results: Of the nine areas inspected, no items of noncompliance were identified in seven areas; two items of apparent noncompliance were identified in two areas (infraction - failure to follow procedures requiring tamper safing seal inventory - paragraph 5; deficiency - failure to prepare written procedures addressing additions to and removals from in-process materials - paragraph 8)

B 19

237

~~TOP SECRET INFORMATION~~

DETAILS

A. Persons Contacted

- *M. E. Remley, Manager, Health, Safety and Radiation Services
- *V. J. Schaubert, Manager, Nuclear Materials Management
- D. C. Allen, Nuclear Materials Management Representative
- S. Wode, Management Systems Specialist
- C. L. Nealy, Manager, Analytical Chemistry
- J. D. Moore, Operational Safety and Waste Management
- D. Clark, Chemist, Plutonium Laboratory
- R. Meyer, Assistant Manager, Plutonium Processing
- Y. Kim, Statistician, Quality Assurance
- R. L. Jaseph, Internal Auditor
- R. McCurnin, Manager, Remote Technology
- V. A. Swanson, Project Engineer, Reactor Operations

The inspectors also talked with and interviewed several other licensee employees (vault custodians, production workers and record clerks).

*Denotes those attending the exit interview in addition to R. G. Jones, Vice President and Controller and W. Meyers, Director of Fuel and Test Facility Programs.

B. Action on Previous Inspection Findings

1. (Closed) Noncompliance (25/76-10): Failure to supply required limits of error data on ERDA and licensee file copies of Forms NRC/ERDA-741 documenting shipments of special nuclear material (SNM) from licensee's licensed operation to its license-exempt facilities. Inspectors found that licensee's application for exemption to the requirement resulted in the Material Control Licensing Branch, Division of Safeguards, issuing a new license condition No. 6.5 detailing amended requirements effective May 10, 1977.
2. (Closed) Noncompliance (25/77-03): Failure to provide written delegation of authority to an individual serving in an approval capacity for "Adjustments to Records" as required by the fundamental nuclear material control plan (FNMC). Inspector found that this assignment has now been formally documented.

3. (Closed) Noncompliance (25/77-03): Failure to prepare documented material balance area (MBA)/nuclear materials management (NMM) machine ledger reconciliations on occasions of physical inventories (as required by the FNMC plan). Inspectors found that properly documented reconciliations were on file for physical inventories conducted since the prior inspection.
4. (Open) Noncompliance (25/77-03): Failure to conduct MBA records audit "not less than twice yearly" as required by FNMC plan. Licensee response indicated inspectors misinterpreted the FNMC plan statement and may change the FNMC to clarify this matter.
5. (Open) Noncompliance (25/77-03): Inadequate physical inventory practices. Inspectors did not observe a physical inventory during this inspection.
6. (Closed) Noncompliance (25/77-03): Failure to conduct a training course in the fundamentals of nuclear material control and accounting. The licensee has implemented a training program.
7. (Closed) Noncompliance (25/77-03): Failure to follow FNMC Plan with regard to custodian minimum experience requirements. The licensee submitted a revision to the FNMC plan replacing the experience requirement with applicant training in nuclear material management and a demonstrated capability to perform the activities.
8. (Closed) Noncompliance (25/77-03): Failure to measure within 30 days of the start of a physical inventory, items not protected by tampersafing. No recurrence of failure to measure items within the required time frame were identified.
9. (Closed) Deviation (25/77-03): Failure to follow licensee's procedure "Tampersafing Seal and Use Control" (No. 10.5 Revision A) wherein both individuals tampersafing a container must have knowledge of the SNM involved. The licensee revised the tampersafing procedure to clarify the need for knowledge of the SNM being tampersafed. The training program was also used to emphasize the need to follow the procedures.

C. Functional Areas Inspected

1. Facility Organization

The inspection reviewed the licensee's organizational structure relative to his NRC-approved FNMC Plan.

No items of noncompliance were identified.

2. Facility Operations

The inspection reviewed the licensee's processes and operations relative to the requirements of his NRC-approved FNMC plan, license conditions and Commission regulations.

No items of noncompliance were identified.

3. Measurements and Statistical Controls

The inspection reviewed the licensee's measurement and statistical practices relative to his approved FNMC plans.

No items of noncompliance were identified.

4. Shipping and Receiving

The inspection examined documentation covering external receipts and shipments for the period March 1, 1977 - July 4, 1977, (1) to assure that all special nuclear materials (SNM) received or shipped are accurately accounted for and are measured, (2) to determine that all shipper-receiver differences were reviewed and evaluated, and (3) to determine AI's compliance with regulations.

No items of noncompliance were identified.

5. Storage and Internal Control

The inspection verified that the licensee had established a system of storage and internal controls for SNM which provided for current knowledge of the quantity, identity and location of all SNM within his facilities. The inspection included a review of controls over the distribution and use of internal transfer documents, Form N 93-J. Internal transfer documents covering the period March 2 - July 4, 1977 were randomly sampled and traced to books of record with satisfactory results.

[REDACTED]

Additionally, on July 15, 1977 a review was made of the tamper safing seal control program. It revealed that the current Operating Procedure RP10.5, Revision B, "Tamper Safing, Seal Use and Control," dated April 13, 1977 and AI practice did not provide for an inventory of all seals by the seal control officer at each bimonthly SNM physical inventory. The FNMC Plan, approved by the Material Control Licensing Branch, Division of Safeguards on June 21, 1976 and implemented August 21, 1976 in accordance with 10 CFR 70.58(1), incorporates tamper safing procedures (Section 7.4) previously approved on May 6, 1974 as a part of the Material Control and Accounting Plan (AI document No. 74-12, Section 1, Tamper Safing). This latter document requires that the Seal Control Officer perform an inventory of all seals including "verification as to usage by checking the seal number and verification as to the container to which it is applied." Currently, the Seal Control Officer does not personally verify applied seals in place or verify seal log data to physical inventory sheets listing seal data by container.

This was identified as an item of noncompliance at the exit interview.

6. Physical Inventory

A physical inventory was not observed during this inspection. The licensee indicated that the problems identified in the prior inspection report were corrected. However, since the corrections have not been observed by the inspectors the item of noncompliance is held open.

The analytical results from samples submitted to the New Brunswick Laboratory (NBL) during the prior inspection indicated there was no statistically significant difference between AI and NBL in the analysis of U and U-235 in U metal feed, U alloy product, U alloy scrap, or U alloy hood sweepings.

7. MUF and LEMUF

The inspection reviewed and evaluated the licensee's capabilities for determining and calculating MUF and LEMUF.

The licensee MUF and LEMUF continue to fall within applicable limits. The accumulative MUF does indicate a small problem exists somewhere in the measurement system. The licensee's chemistry laboratory is assessing the possible moisture contribution to the cumulative MUF problem. The licensee is also continuing to assess its NDA barrel measurement system. The licensee has stepped up his effort to resolve shipper-receiver differences which, depending on the scrap history, may reflect on the current period MUF and the cumulative MUF.

No items of noncompliance were identified.

8. Records and Reports

Records, reports and other documentation applicable to the period March 2 - July 4, 1977 were reviewed to determine that (1) AI has established and continues to maintain a records and reports system which provides accurate information sufficient to locate all SNM in its possession, and to close a material balance as specified by the regulations and license conditions, and (2) the quantities of SNM in AI's possession are not being used for unauthorized purposes.

Additionally, a procedure manual review on July 14, 1977 disclosed that written procedures had not been established and maintained covering records of the quantities of SNM added to or removed from process as required by 10 CFR 70.51(e)(1)(ii). Also written procedures were not available for records of unopened receipts and ultimate product identified in 10 CFR 70.51(e)(4)(v). AI presently maintains a record of unopened receipts and materials in process (including additions to and removals from). AI does not now use the category of ultimate product. AI considers it to be synonymous with "Removals from Process."

The current absence of written procedures was considered an item of noncompliance and discussed at the exit interview.

9. Management of Material Control System

The inspection reviewed the licensee's management system to confirm that it provides for the development, revision, implementation and enforcement of material control and accounting procedures in accordance with his approved FNMC procedures.

Rather than conducting a single annual internal audit, the licensee now conducts its audit in segmented parts with all parts covered annually. An audit of the nuclear material accounting system was conducted on June 14, 1977.

Inspectors review disclosed that there remained two open items from an earlier internal audit and two from the latest audit. The latter items were still in the process of review for accuracy (none of the items were of the violation category). As a followup procedure the internal auditor generates monthly a listing of open items which is then distributed to concerned individuals.

Internal audits are conducted by qualified people with appropriate independence of actions. Results of audits are reported to a corporate officer.

No items of noncompliance were identified.

10. Exit Interview

Attendees (See Section A.)

The noncompliance items closed since the last inspection were identified. (See Section B.)

The following items were identified as remaining open:

- a. Failure to conduct MBA records audit not less than twice yearly. (The licensee is not in agreement with this finding.)
- b. Failure to follow physical inventory procedures. This item is left open pending observations of the licensee's current practices. The licensee has indicated that he has taken appropriate steps to assure that the procedures are followed.

The following items were identified as new findings:

- a. Failure to maintain procedures for SNM added to or removed from process. The licensee acknowledges the lack of procedures.

- b. Failure of the seal control officer to inventory the tamper safing seals at the time of the bimonthly SNM physical inventory. The licensee acknowledges the failure to take the required seal inventory.