

U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Report No. 50-331/87027(DRSS)

Docket No. 50-331

License No. DPR-49

Licensee: Iowa Electric Light and
Power Company
P. O. Box 351
Cedar Rapids, IA 52406

Facility Name: Duane Arnold Energy Center

Inspection At: NRC Region III In-office Review at Glen Ellyn, Illinois

Inspection Conducted: August 3 to September 1, 1987

Inspector: G. L. Pirtle
G. L. Pirtle
Physical Security Inspector

9/14/87
Date

Approved By: J. R. Creed
for J. R. Creed, Chief
Safeguards Section

9/14/87
Date

Inspection Summary

Inspection on August 3 to September 1, 1987 (Report No. 50-331/87027(DRSS))

Areas Inspected: Included a review of information that deficiencies noted during a licensee Quality Assurance audit of a contractor screening program may have been deliberate.

Results: The licensee was found to be in compliance with NRC requirements within the areas examined during this inspection. There was no confirmation that the security screening implementation deficiencies were deliberate.

DETAILS

1. Key Persons Contacted

- *K. Young, Assistant Plant Superintendent, Radiation Protection and Security, Duane Arnold Energy Center (DAEC)
- K. Vanous, Corporate Security Director, Iowa Electric Light and Power Company (IEL&P)
- *D. Engelhardt, Security Supervisor (DAEC)
- L. Willie, Assistant Security Supervisor (DAEC)
- C. Hill, Senior QA Engineer, Corporate QA Department (IEL&P)
- *J. Thorstinson, Technical Support Engineer (DAEC)

*Denotes those key members of the licensee's staff present during the telephonic Exit Interview conducted on September 1, 1987. The names of the contractors involved are not included in the report details for privacy purposes since no adverse actions of a deliberate nature were confirmed.

2. Exit Interview (IP 30703)

The inspector conducted a telephone exit interview with the licensee representatives denoted in Section 1 at the conclusion of the inspection on September 1, 1987. A general description of the scope of the inspection was provided. Briefly listed below are the findings discussed during the exit interview. The details of these findings are referenced, as noted, in this report. Included below is a statement provided by or describing licensee management's response to the inspection findings. No written material pertaining to the allegation was provided to the licensee or contractor representatives during the inspection effort.

The licensee representatives were advised of the information as described in Section 3.a of the Report Details. They were also advised that no violations, unresolved items, or open items were noted during the inspection. Additionally, they were advised that falsification of security screening records was not confirmed.

The Assistant Plant Superintendent, Radiation Protection and Security, stated that he was familiar with the contractor management and personnel and was surprised to hear of the concern regarding potential record falsification.

The licensee representatives were advised that the inspection results were subject to NRC Region III management review and the final inspection report would contain the formal perspective for the inspection findings.

3. Investigation/Allegation Review (IP 99014):

The following information was reviewed by the inspector as specifically noted below:

- a. Background: (Closed) Allegation No. RIII-83-A-0181. On March 24, 1983, the Chief, Safeguards Section, NRC Region III received a telephone call from a Duane Arnold Energy Center (DAEC) employee. The purpose of the telephone call was to advise NRC Region III that DAEC Corporate QA Auditors had discovered deficiencies in a contractors security screening records that would require their employees' security access authorizations to be terminated until the deficiencies were resolved. The DAEC employee also stated that the deficiencies might represent falsified records being submitted to the licensee. The information was referred to the Region III Office of Investigation (OI) for possible investigation. On February 20, 1987, the Region III OI office formally declined to investigate.
- b. Allegation: Deficiencies found in a contractor's implementation of screening might represent documents that had been falsified.
- c. NRC Review Actions: Between August 3 and 5, 1987, the inspector interviewed by telephone the Iowa Electric Power and Light Company Senior QA Engineer, the Corporate Security Director, and the DAEC Assistant Security Director.

Interview results showed that the Senior QA Engineer was a member of the QA audit team that performed the audit for the contractor on March 23, 1983. The QA Engineer had reviewed the audit report, based upon the inspector's request, and provided the following information:

- (1) Only two personnel from the contractor were badged for access to the DAEC site at the time of the audit.
- (2) Six findings were noted during the audit. The findings pertained to (a) incomplete employment history records; (b) not all screening documents received by the contractor from other agencies were legible; (c) psychological test administration was not observed as required by DAEC procedure (tests were mailed to the two persons); (d) the screening procedure used by the contractor had not been submitted for DAEC formal review and approval; (e) one of the individuals had some employment data missing from October 1979 to August 1981; and (f) the contractor's procedure in use did not meet all of DAEC's screening requirements.
- (3) The senior QA Engineer stated that the reason for the deficiencies, in her judgement, was due to the company's lack of experience and understanding in screening personnel for access to nuclear plants. She further stated that the company was created about 1981, and the March 1983 audit was the first audit they had conducted for the company. In her judgement, the company's management was cooperative and she did not feel that the deficiencies noted were deliberate in nature.
- (4) The senior QA Engineer also stated that the two contractor employees with access to the DAEC site had terminated employment a couple of weeks after the audit and have not been back to the

site since that time. Before the contractor's personnel would be granted future access to the DAEC site, a complete audit of their program would be performed by the QA department.

- (5) The senior QA Engineer stated that prior to January 1, 1988 (exact date unknown), her office will audit all contractor security screening programs on an annual basis regardless of previous audit findings. The change in audit frequency was not implemented because of the contractor's audit findings.

The Corporate Director of Security stated during a telephone interview that the site security section was advised of the contractor's audit deficiencies and directed to remove the two persons access to the DAEC site until the issues were resolved. He further stated that company practice requires such action when an audit of a contractor's security screening program notes deficiencies in the program.

Telephone interviews with the DAEC assistant Security Director confirmed that the two contractor employee's access to the DAEC site was removed when the site was advised of the screening deficiencies. The two personnel were administered polygraph examinations and passed the examination, so their access to the DAEC was reinstated. (At the time of the incident, satisfactory polygraph examination results were an authorized option for access to the plant.) The Assistant Security Director also confirmed that the two personnel completed their job assignment a few weeks after their access was reinstated and no personnel from the contractor firm have had a need to return to the site since then.

A review of the March 23, 1983 Record of Conversation between the NRC Region III Chief, Safeguards Section and the licensee employee showed that, in the judgement of the Chief, Safeguards Section, the licensee took adequate action to resolve the security anomaly.

- d. Conclusion: Based upon the information reviewed, it does not appear as though any screening records were falsified by the contractor. The licensee's security screening program QA audits identified the deficiency. Further, the QA audit program appears to be effective since an audit of another contractor found similar deficiencies during November 1986. The root cause for these deficiencies was due to personnel performing the screening not having a copy of the screening procedure available for review or guidance. The deficiencies noted pertained primarily to verification of periods of employment. In both cases, the DAEC practice of denying access until audit deficiencies were resolved was implemented. The annual audits of contractors screening programs should also identify future program deficiencies in a timely manner and encourage contractors to closely monitor implementation of the security screening program.

Although deficiencies in a contractor's screening program may constitute a violation of the security plan, the deficiencies were found by the licensee, reported to the NRC, and resolved in a timely manner. Therefore, the incident appears to meet the criteria of 10 CFR Part 2, Appendix C, Section V as a licensee identified violation. No additional enforcement action appears warranted. No programmatic or site generic weaknesses were noted since the two contractor firms were the only contractors audited who had deficiencies of such a scope that access authorizations were terminated.