



Department of Energy
Washington, DC 20585

October 23, 2003

Mr. Michael Macsek
[]
RTS Wright Industries, LLC
1520 Elm Hill Pike
Nashville, TN 37210

EA-2003-08

Subject: Preliminary Notice of Violation and Imposition of Civil Penalty
\$41,250

Dear Mr. Macsek:

This letter refers to the investigation conducted by the Department of Energy (DOE) into allegations from a concerned individual that RTS Wright Industries, LLC, (RTS) falsified quality control inspection records. These records pertained to Glove Box Systems procured by the Washington Group International for installation at DOE's Advanced Mixed Waste Treatment Project (AMWTP) at the Idaho National Engineering and Environmental Laboratory. DOE provided the findings of its investigation to RTS in an Investigation Summary Report issued on June 5, 2003, and held an Enforcement Conference with you and members of your staff on July 31, 2003, to discuss the report. Enclosed is an Enforcement Conference Summary documenting those discussions.

Based upon our evaluation of the facts, and information provided by RTS at the Enforcement Conference, DOE has concluded that violations of 10 CFR 820.11 (Information Requirements) and 10 CFR 830, Subpart A (Quality Assurance Requirements) occurred. These violations are described in the enclosed Preliminary Notice of Violation (PNOV).

Section I of the enclosed PNOV describes three instances of falsification of inspection records. Section II of the enclosed PNOV describes a failure of RTS to comply with requirements for controlling quality control stamps and to comply with requirements to document and properly disposition component dimensional nonconformances. Section III of the enclosed PNOV describes a failure of RTS to implement an adequate quality improvement process to identify and correct quality assurance deficiencies. Specifically, the problems described in Sections I and II of the PNOV occurred over many months and were known by RTS supervisory personnel and the Director of Quality Assurance.

In accordance with the General Statement of Enforcement Policy, 10 CFR 820, Appendix A, the deficiencies described in Sections I and II of the enclosed PNOV are

classified as Severity Level II Violations. The deficiencies described Section III are classified as one Severity Level III Violation.

In determining the Severity Level of the violation described in Section I, DOE considered the complicity of the RTS Director of Quality Assurance in the falsification and the regulatory significance when records intended for maintenance as lifetime quality records are falsified.

The base civil penalty for a Security Level II violation is \$55,000. DOE considered the discretionary adjustment factors set forth in the Enforcement Policy and concluded that no mitigation of the civil penalty was warranted for self-identification since a concerned individual revealed the violation to DOE. However, DOE determined that 50% mitigation of the base civil penalty for corrective actions is warranted for your comprehensive corrective actions, including the programs and procedures put in place to reasonably assure that such an event would not happen again. DOE also considered RTS forthright acceptance of responsibility for what transpired, as well as its prompt and aggressive response to these problems. After consideration of all mitigation factors, the civil penalty for this violation is reduced to \$27,500.

The deficiencies described in Section II of the enclosed PNOV have been classified as a Severity Level II violation based in large part upon the programmatic nature of the breakdowns. DOE has determined that 25% mitigation of the base civil penalty for self-identification is warranted in recognition of the high degree of initiative demonstrated by RTS to determine the full extent of the problems. In addition, 50% mitigation for corrective actions is awarded in recognition of the depth and scope of the corrective actions. Therefore, the civil penalty for this violation is reduced from a base civil penalty of \$55,000 to \$13,750.

The issues described in Section III of the PNOV have been determined to be a Severity Level III violation. This decision was based in part on DOE's findings that your investigation of the issues was thorough and identified quality deficiencies in addition to those raised by the concerned individual. As discussed above, DOE found the RTS investigation was prompt and complete, and your discussion of these issues with my office was extremely candid. There is no civil penalty associated with this violation.

You are required to respond to this letter and follow the specific instruction in the enclosed PNOV when preparing your response. Your response should document any additional specific actions taken to date, including actions taken to correct the violations and prevent recurrence. You should also provide a copy of your response to Alan J. Dobson, [], Advanced Mixed Waste Treatment Project, BNFL Inc., 765 Lindsay Blvd., Idaho Falls, Idaho, 83404, the prime contractor with overall responsibility for the AMWTP.

After reviewing your response to the PNOV, including further corrective actions, if any, DOE will determine whether further enforcement action is necessary to ensure compliance with nuclear safety requirements.

Stephen M. Sohinki
Director
Office of Price-Anderson Enforcement

Enclosures:

Preliminary Notice of Violation
Enforcement Conference Summary Report
List of Attendees

cc: E. Sellers, DOD-ID
S. Somers, DOE-ID PAAA Coordinator
K. Whitham, DOE-ID PAAA Coordinator
E. Dumas, BNFL PAAA Coordinator
B. Cook, EH-1
J. Roberson, EM-1
L. Vaughan, EM-5
S. Johnson, EM-5
R. Azzaro, DNFSB
S. Hurley, OE
Docket Clerk, OE

**Preliminary Notice of Violation
and
Proposed Imposition of Civil Penalty**

RTS Wright Industries, LLC

EA-2003-08

In January 2003, the Department of Energy (DOE) conducted a field investigation into allegations of falsification of inspection records generated by RTS Wright Industries, LLC, (RTS) for the Advanced Mixed Waste Treatment Project (AMWTP) Supercompactor Glovebox Suite, located at Idaho National Engineering and Environmental Laboratory (INEEL). As a result of this investigation, potential violations of DOE nuclear safety rules were identified. Following an Enforcement Conference held on July 31, 2003, DOE has concluded that certain violations of DOE nuclear safety regulations have, in fact, occurred. In accordance with 10 CFR 820, Appendix A, "General Statement of Enforcement Policy," DOE issues this Preliminary Notice of Violation (PNOV), with proposed civil penalty, pursuant to section 234a of the Atomic Energy Act of 1954, as amended 42 USC 2282a, and 10 CFR 820. The particular violations and associated proposed civil penalties are set forth below.

I. Falsification of Quality Inspection Documentation

10 CFR 820.11, *Information Requirements*, requires that information pertaining to a nuclear activity provided to or maintained for inspection by DOE shall be complete and accurate in all material respects.

On October 17, 2000, RTS entered into a contract with the Washington Group International (WGI) to fabricate a Supercompactor Glovebox Suite for installation at the AMWTP at INEEL. The AMWTP is a nuclear waste treatment facility. RTS generated inspection records for this equipment to meet WGI lifetime record requirements for maintenance for DOE. These records were material because they document the results of quality inspections during the fabrication of the equipment and provide records documenting that this equipment complied with the design specifications.

Contrary to 10 CFR 820.11, between August 2001 and January 2002 RTS maintained information for inspection by DOE that was not accurate and complete in all material respects in that:

- A. At the direction of the RTS Director of Quality Assurance, RTS personnel created inspection reports containing detailed measurement results and measurement locations that did not result from actual inspections. RTS created these records to supplement less detailed inspection records from inspections that had previously been performed.

- B. In some cases, these supplemental inspection reports misrepresented the identity of the inspector who had performed the initial less-detailed inspection report.
- C. The RTS Director of Quality Assurance initialed and signed weld fit-up inspection checklists as being satisfactorily completed although he had not performed the inspections. Nor was there any documented evidence that the inspections had been performed.

Collectively these deficiencies represent a Severity Level II violation.
Civil Penalty - \$27,500

II. Work Performance Issues

10 CFR 830.122 (e), *Performance/Work Processes*, requires in part that contractors perform work consistent with technical standards, administrative controls, and other hazard controls adopted to meet regulatory or contract requirements, using approved instructions, procedures, and other appropriate means. Contrary to this requirement, RTS personnel failed to comply with these controls. Specific examples are listed below:

- A. RTS procedure titled *Operating Instructions Stamp Request (QA-OI-133)* requires the return of quality control stamps to the Stamp Custodian when an inspector's employment is terminated. This procedure also requires that the returned quality control stamp will be quarantined for a period of 6 months following termination of an inspector's employment. However, RTS allowed a weld inspector to retain possession of his quality control stamp after he left employment with RTS in December 2001. Additionally, at some time between January and March 2002, RTS mailed typed weld inspection checklists to this weld inspector for quality control stamping.
- B. RTS Procedure titled *Operating Instructions MRB*, requires the generation of a Material Review Board (MRB) Tag for all products and components that fail to pass requirements for acceptability. This procedure requires MRB-tagged items to be formally reviewed and dispositioned. However, in June 2001, the RTS Director of Quality Assurance instructed inspectors not to comply with MRB-tagging requirements for nonconformances identified during inspections unless the inspectors were certain that there was a material deviation preventing further use of the component in question.

Collectively these deficiencies represent a Severity Level II violation.
Civil Penalty - 13,750

III. Quality Improvement

10 CFR 830.122 (c), *Management/Quality Improvement*, requires contractors to establish and implement processes to detect and prevent quality problems; and to

identify, control, and correct items, services, and processes that do not meet established requirements.

Contrary to this requirement, RTS did not establish and implement an effective process to identify, control, and correct quality deficiencies. Specifically, the deficiencies described in Sections I and II of this PNOV occurred over a five-month period or longer, and involved numerous workers, a supervisor, and the Director of Quality Assurance. Yet, the RTS assessment processes failed to recognize these problems until the problems surfaced to DOE through a concerned individual.

Collectively these deficiencies represent a Severity Level III violation.
No civil penalty.

Pursuant to the provisions of 10 CFR 820.24, RTS is hereby required within 30 days of the date of the Preliminary Notice of Violation and Proposed Imposition of Civil Penalty, to submit a written statement or explanation to one of the following addresses:

(if sent by U.S. Postal Service):
Director, Office of Price-Anderson Enforcement
Attention: Office of the Docketing Clerk
EH-6, 270 Corporate Square Building
U.S. Department of Energy
1000 Independence Avenue, SW
Washington DC 20585-0270

(if sent by overnight carrier):
Director, Office of Price-Anderson Enforcement
Attention: Office of the Docketing Clerk
EH-6, 270 Corporate Square Building
U.S. Department of Energy
19901 Germantown Road
Germantown, MD 20874-1290

Copies should also be sent to the Manager, DOE Idaho Operations Office, and to the Cognizant Secretarial Office at Headquarters for the facilities that are a subject of this notice. This reply should be clearly marked as a "Reply to a Preliminary Notice of Violation" and should include the following for each violation: (1) admission or denial of the alleged violations; (2) any facts set forth in this PNOV which you believe are not correct; and (3) the reasons for the violations if admitted, or if denied, the basis for denial. In the event the violations set forth in the Preliminary Notice of Violation are admitted, this PNOV will constitute a Final Order in compliance with the requirements of 10 CFR 820.24.

Any request for remission or mitigation of the proposed civil penalty must be accompanied by a substantive justification demonstrating extenuating circumstances or other reasons why the assessed penalty should not be paid in full. Within 30 days after the issuance of the PNOV and civil penalty, unless the violations are denied, or remission or mitigation is requested, RTS shall pay the civil penalty of \$41,250 imposed under section 234a of the Act by check, draft, or money order payable to the Treasurer of the United States (Account 891099) mailed to the Director, Office of Price-Anderson Enforcement Attention; Office of the Docketing Clerk, at one of the above addresses.

Should RTS fail to answer within the time specified, an order imposing the civil penalty will be issued. Should mitigation of the proposed civil penalty be requested, RTS should address the adjustment factors described in section IX of 10 CFR 820, appendix A.

Stephen M. Sohinki
Director
Office of Price-Anderson Enforcement

Dated at Germantown, MD
this 23rd day of October 2003

ENFORCEMENT CONFERENCE SUMMARY

RTS Wright Industries, LLC (NTS-ID—BNFL-AMWTF-2002-0001)

The Department of Energy (DOE) Office of Price-Anderson Enforcement (OE) held an Enforcement Conference with personnel from RTS Wright Industries, LLC (RTS) on July 31, 2003, in Germantown, Maryland. Stephen Sohinki, Director of the Office, was the Presiding Officer. DOE held the Enforcement Conference to discuss potential violations related to the following: falsification of quality control records, work control deficiencies, and quality improvement deficiencies associated with Glove Box Systems procured by the Washington Group International for installation at DOE's Advanced Mixed Waste Treatment Project (AMWTP).

Presentations by RTS representatives covered a summary statement of the issues, a discussion of the causes of the deficiencies, corrective actions, program improvements, safety significance and mitigation factors, other DOE projects involving the company, and a closing statement. A copy of a handout prepared by the company covering these topics will be included in the docket file.

Michael Macsek, [] of RTS, stated the company's agreement with the findings in the OE Investigation Summary Report with two minor exceptions/clarifications:

1. The report incorrectly referenced a procedure in effect at the time of the violations. Specifically the procedure referenced in the Procedural Compliance Issues Section of the report addressing quality control stamp deficiencies incorrectly identified the "corrected" version of this procedure, rather than the version in effect at the time of the noncompliance. The appropriate version of this procedure is *Operating Instructions Stamp Request*. This procedure requires assignment of a quality control stamp to an individual and return of the stamp to the Stamp Custodian and a quarantine of the stamp for 6 months upon termination of the individual assigned the stamp. This procedure does not contain any specific requirements for use of the quality control stamp.
2. Additionally, the Procedural Compliance Issues Section of the OE report notes several transcription errors between the original and typed checklist. RTS requested information on these transcription errors. These were provided to RTS on August 4, 2003. After review, RTS agreed that there were transcription errors and that the OE Investigation Summary Report was entirely accurate with respect to this issue.

The OE Director informed the representatives of RTS that DOE would consider the information provided by the company, together with the entire record, when DOE undertakes its enforcement deliberations. The Director then adjourned the conference.

July 31, 2003

**RTS Wright Industries LLC
Regarding Suspect Quality Inspection Records**

Enforcement Conference List of Attendees

DOE Office of Price-Anderson Enforcement

S. Sohinki, Director
H. Wilchins, Senior Litigator
S. Hurley, Senior Investigator
S. Hosford, OE Technical Advisor

DOE Idaho

S. Somers, PAAA Coordinator (by phone)

RTS Wright Industries, LLC

M. Macsek, []]
C. Anderson, []]
R. Laskey, []]
S. Williamson, []]