

# NRC INSPECTION MANUAL

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## INSPECTION PROCEDURE 85203

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### FACILITY ORGANIZATION AND MANAGEMENT CONTROLS

PROGRAM APPLICABILITY: 2681

#### 85203-01 INSPECTION OBJECTIVE

Verify that (1) the licensee's organizational structure has been implemented in accordance with the NRC-approved FNMC Plan and any applicable license conditions, and (2) the licensee has a management system for the development, revision, implementation, enforcement, and periodic audit and review of the MC&A program and for the training of MC&A personnel.

#### 85203-02 INSPECTION REQUIREMENTS

The licensee's organizational structure and management system must comply with NRC requirements. By inspection determine whether:

02.01 The FNMC Plan contains organizational charts and/or descriptions of the plant management structure and identifies all positions exercising responsibility or authority for special nuclear material. The Plan describes the relationship of the nuclear materials control functions and responsibilities of these functions to other organizational units. [70.57(b), 70.58(b)(2)] (This includes any changes submitted in accordance with 10 CFR 70.32(c)(2)).

02.02 Material control and accounting positions identified in the licensee's FNMC Plan or other documentation include position qualification requirements, and definitions of responsibilities, authorities, and duties. Delegation of responsibilities and authority is given in writing. [70.57(b), 70.58(b)(3)]

02.03 The overall planning, coordination, and administration of the MC&A function is vested in a single individual. Management of the measurement control program is assigned to an individual who has no direct responsibility for operation of the analytical laboratory or for processing of material.

These individuals must have no conflicting responsibilities and be at an organizational level sufficient to assure independence and

objectivity (these two individuals may be the same individual at small facilities). [70.57(b)(1), 70.58(b)(1)]

02.04 The organizational structure provides a separation of functions such that the activities of one individual or organizational unit serve as a check and balance on other individuals or organizational units. [70.58(b)(2)]

02.05 A management system has been established, maintained and is being followed which provides for the development, revision, implementation, and enforcement of MC&A procedures. This system provides for written approval of MC&A procedures and any revisions to those procedures by the individual with overall MC&A responsibility and by plant management. [70.58(c)(1)]

02.06 A review and audit of the MC&A system is performed at least once every 12 months. This annual review and audit is conducted by individuals independent of nuclear material control management, and personnel who have direct responsibility for receipt, custody, utilization, measurement, measurement quality, and shipment of special nuclear material. The results of the annual review and audit, along with recommendations, are documented and reported to the licensee's plant management. [70.57(b)(2),(3); 70.58 (c)(2)]

02.07 The training program described in the FNMC Plan has been established and is being followed for the training, qualification, and periodic requalification of MC&A personnel. [70.57(b)(7)]

02.08 Past performance of the MC&A system supports the conclusion that the licensee's organization and management controls are effective.

#### 85203-03 INSPECTION GUIDANCE

03.01 Regulations. 70.57(b)(1), (2), (3), (7); 70.58(b), (c), (d)(3).

03.02 Regulatory Guides and Reports

Regulatory Guide 5.45 - Standard Format and Content (12/74)  
Regulatory Guide 5.51 - Review of MC&A Systems (6/75)  
NUREG/CR-0772 - Measurement Control Program Auditing (10/79)  
NUSAC Report No. 678 - Audit of MC&A Systems (2/82)

03.03 Criteria. In reviewing the organizational charts, the inspector must assure that all MC&A functions are included. In addition, the MC&A function must be appropriately located within the facility organization. As an example, control functions should be separated from operating functions, accounting functions should be separated from manufacturing and laboratory operations functions, and the audit function should be separated from those functions which are subject to audit. To assure freedom of action, the control and audit functions should be at a level of management equivalent to or higher than the management function subject to control and audit.

Functional relationships should be scrutinized closely to assure proper checks and balances of safeguards systems. The accountability coordinator must have the capability to act independently of the production or project manager. Management of the centralized accounting system should be assigned to a single position independent of all positions having responsibilities for custody of SNM or the generation of SNM source data. The custodianship of all SNM

within an individual MBA or ICA should be assigned to one individual. Custodial responsibility must be delegated in writing. An individual may be the custodian of more than one ICA/MBA provided no single individual is authorized to sign as both shipper and receiver in transfers between participating ICAs/MBAs.

The licensee must perform an annual review and audit of the MC&A program. The purpose of an audit differs from the purpose of a review. An audit examines the existing MC&A safeguards program and confirms that the program functions as described in plans and procedures. An audit should include but not be limited to, examination of program areas such as changes to plans and procedures; concurrence in such changes; collection of information; the timeliness, completeness and accuracy of data; the ability of safeguards management to correct program shortcomings; training of safeguards personnel; and so on. A review, on the other hand, considers the adequacy of the program to control, account for, and measure special nuclear material. It focuses on the scope and intent of the MC&A program and its effectiveness in meeting the program goals and objectives. Audits and reviews must be conducted by individuals who are qualified and independent of the safeguards functions being examined. The licensee must also audit any contract services provided to the safeguards program such as measurement of special nuclear material. Audits and reviews must be performed at intervals not exceeding twelve months. Safeguards management must document their response to the findings of each audit/review and correct deficiencies identified therein in a timely and effective manner.

The effectiveness of the licensee's management controls and organization shall be evaluated each year by reviewing and analyzing the MC&A system performance history to see if they have been successful in maintaining or improving the compliance and effectiveness of the system. Excessive MC&A noncompliances or failure of management to adequately identify and/or correct MC&A system deficiencies are both probable indications of ineffectiveness within these areas. Noncompliances shall be considered excessive if their frequency and/or severity are greater than what might normally be expected for a facility of the size and complexity involved and it is reasonable to expect that the problems underlying such noncompliances should have been identified and corrected prior to the occurrence of a violation. In all cases, indications of willful management inattention to known system weaknesses shall be considered a serious problem needing prompt regulatory action.

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