

(iii) Documents management's findings on whether the MC&A system is currently effective; and

(iv) Documents any actions taken on recommendations from prior assessments.

(d) *Recordkeeping.* (1) Each licensee shall establish records that will demonstrate that the performance objectives of paragraph (a) of this section and the system features and capabilities of paragraph (c) of this section have been met and maintain these records in an auditable form, available for inspection, for at least 3 years, unless a longer retention time is required by part 75 of this chapter.

(2) Records that must be maintained pursuant to this part may be the original or a reproduced copy or a microform if such reproduced copy or microform is duly authenticated by authorized personnel and the microform is capable of producing a clear and legible copy after storage for the period specified by Commission regulations. The record may also be stored in electronic media with the capability for producing, on demand, legible, accurate, and complete records during the required retention period. Records such as letters, drawings, and specifications must include all pertinent information such as stamps, initials, and signatures.

(3) The licensee shall maintain adequate safeguards against tampering with and loss of records.

[56 FR 55999, Oct. 31, 1991]

Subpart D—Special Nuclear Material of Moderate Strategic Significance

§ 74.41 Nuclear material control and accounting for special nuclear material of moderate strategic significance.

(a) *General performance objectives.* Each licensee who is authorized to possess special nuclear material (SNM) of moderate strategic significance or SNM in a quantity exceeding one effective kilogram of strategic special nuclear material in irradiated fuel reprocessing operations other than as sealed sources and to use this material at any site other than a nuclear reactor licensed pursuant to part 50 of this

chapter; or as reactor irradiated fuels involved in research, development, and evaluation programs in facilities other than irradiated fuel reprocessing plants; or an operation involved with waste disposal, shall establish, implement, and maintain a Commission-approved material control and accounting (MC&A) system that will achieve the following performance objectives:

(1) Maintain accurate, current, and reliable information on, and confirm, the quantities and locations of SNM in the licensee's possession;

(2) Conduct investigations and resolve any anomalies indicating a possible loss of special nuclear material;

(3) Permit rapid determination of whether an actual loss of a significant quantity of SNM has occurred, with significant quantity being either:

(i) More than one formula kilogram of strategic SNM; or

(ii) 10,000 grams or more of uranium-235 contained in uranium enriched up to 20.00 percent.

(4) Generate information to aid in the investigation and recovery of missing SNM in the event of an actual loss.

(b) *Implementation schedule.* Each applicant for a license, and each licensee that, upon application for modification of its license, would become newly subject to the requirements of paragraph (a) of this section shall:

(1) Submit a fundamental nuclear material control (FNMC) plan describing how the performance objectives of § 74.41(a) will be achieved, and how the system capabilities required by § 74.41(c) will be met; and

(2) Implement the NRC-approved FNMC plan submitted pursuant to paragraph (b)(1) of this section upon the Commission's issuance or modification of a license or by the date specified in a license condition.

(c) *System capabilities.* To achieve the performance objectives specified in § 74.41(a), the MC&A system must include the capabilities described in §§ 74.43 and 74.45, and must incorporate checks and balances that are sufficient to detect falsification of data and reports that could conceal diversion of SNM by:

(1) A single individual, including an employee in any position; or

§ 74.43

10 CFR Ch. I (1–1–12 Edition)

(2) Collusion between two individuals, one or both of whom have authorized access to SNM.

[67 FR 78146, Dec. 23, 2002]

§ 74.43 Internal controls, inventory, and records.

(a) *General.* Licensees subject to § 74.41 shall maintain the internal control, inventory, and recordkeeping capabilities required in paragraphs (b), (c), and (d) of this section.

(b) Internal controls.

(1) A management structure shall be established, documented, and maintained that assures:

(i) Clear overall responsibility for material control and accounting (MC&A) functions;

(ii) Independence from production and manufacturing responsibilities; and

(iii) Separation of key responsibilities.

(2) The overall planning, coordination, and administration of the MC&A functions for special nuclear material (SNM) shall be vested in a single individual at an organizational level sufficient to assure independence of action and objectiveness of decisions.

(3) The licensee shall provide for the adequate review, approval, and use of written MC&A procedures that are identified in the approved FNMC plan as being critical to the effectiveness of the described system.

(4) The licensee shall assure that personnel who work in key positions where mistakes could degrade the effectiveness of the MC&A system are trained to maintain a high level of safeguards awareness and are qualified to perform their duties and/or responsibilities.

(5) The licensee shall establish, document, and maintain an item control program that:

(i) Provides current knowledge of SNM items with respect to identity, element and isotope content, and stored location; and

(ii) Assures that SNM items are stored and handled, or subsequently measured, in a manner such that unauthorized removal of 200 grams or more of plutonium or uranium-233 or 300 grams or more of uranium-235, as one or more whole items and/or as SNM re-

moved from containers, will be detected.

(6) Exempted from the requirements of paragraph (b)(5) of this section are items that exist for less than 14 calendar days and licensee-identified items each containing less than 200 grams of plutonium or uranium-233 or 300 grams or more of uranium-235 up to a cumulative total of one formula kilogram of strategic SNM or 17 kilograms of uranium-235 contained in uranium enriched to 10.00 percent or more but less than 20.00 percent in the uranium-235 isotope.

(7) Conduct and document shipper-receiver comparisons for all SNM receipts, both on an individual batch basis and a total shipment basis, and ensure that any shipper-receiver difference that is statistically significant and exceeds twice the estimated standard deviation of the difference estimator and 200 grams of plutonium or uranium-233 or 300 grams of uranium-235 is investigated and resolved; and

(8) Perform independent assessments of the total MC&A system, at intervals not to exceed 18 months, that assess the performance of the system, review its effectiveness, and document management's action on prior assessment recommendations and identified deficiencies. These assessments must include a review and evaluation of any contractor who performs SNM accountability measurements for the licensee.

(c) *Inventory control and physical inventories.* The licensee shall:

(1) Provide unique identification for each item on inventory and maintain inventory records showing the identity, location, and quantity of SNM for these items;

(2) Document all transfers of SNM between designated internal control areas within the licensee's site;

(3) Maintain and follow procedures for tamper-safing of containers or vaults containing SNM, if tamper-safe seals are to be used for assuring the validity of prior measurements, which include control of access to, and distribution of, unused seals and to records showing the date and time of seal application;

(4) Maintain and follow procedures for confirming the validity of prior measurements associated with