

**U.S. DEPARTMENT OF ENERGY
OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT
OFFICE OF QUALITY ASSURANCE**

SUPPLIER AUDIT REPORT

OF

ENERGY STEEL AND SUPPLY COMPANY

AUBURN HILLS, MICHIGAN

**REPORT NUMBER OQA-SA-97-004
NOVEMBER 12-13, 1996**

Prepared by:  Date: 11-25-96
Richard L. Maudlin
Audit Team Leader
Office of Quality Assurance

Approved by:  Date: 12/4/96
Donald G. Horton
Director
Office of Quality Assurance

1.0 EXECUTIVE SUMMARY

The results of the supplier audit of Energy Steel & Supply Company (ESSC) revealed unsatisfactory conditions resulting in the issuance of one Deficiency Report (DR) to Kiewit/Parsons and Brinkerhoff (Kiewit/PB) for action which relates to the Quality Assurance (QA) program for the Office of Civilian Radioactive Waste Management (OCRWM) activities. The DR addresses deficiencies as follows: (1) Lack of documentation of training for a contract inspector; (2) No objective evidence that an individual assigned as a Lead Auditor was certified; (3) Procurement documents did not include pass down of QA requirements to sub-tier suppliers; (4) Counterfeit parts requirements contained in the Kiewit/PB purchase order not passed on to sub-tier supplier; and (5) a Non-Conformance Report (NCR) was closed prior to completion of all corrective actions stated in the disposition.

The unsatisfactory conditions identified during the audit were discussed with the ESSC Vice President, QA, who agreed to work with Kiewit/PB in the resolution of the unsatisfactory conditions. All of the deficiencies noted during the audit were indicators of a lack of attentiveness to detail. It should be noted that ESSC has a well documented material dedication program. Also, the auditors observed that the material storage area was exceptional in that material was clearly identified and segregated to prevent the use of incorrect material. ESSC's QA program is premised around commercial Nuclear Quality Assurance Guideline (NQA-1) requirements.

The results of the audit do not warrant any recommendation for limitations or other conditions that should be invoked relative to the items or services being provided; however, responsibility for determination of continued use of this supplier rests with the Kiewit/PB.

2.0 SCOPE

The supplier audit was conducted to evaluate the adequacy, implementation, and effectiveness of ESSC's quality program. This was accomplished by determining if ESSC's program implements the applicable portions of the OCRWM Quality Assurance Requirement and Description (QARD), DOE/RW-0333P, Revision 5, satisfies the applicable QA requirements specified in the Kiewit/PB procurement document 1848-0348, and satisfactorily implements the ESSC's Quality Assurance Manual, Revision 1, as accepted by the Kiewit/PB, for the scope of work. The QA program elements determined to be applicable are: Organization; QA Program; Procurement Document Control; Implementing Documents; Document Control; Control of Purchased Items and Services; Identification and Control of Items; Special Processes; Inspection; Test Control; Measuring and Test Equipment; Storage, Shipping, and Handling; Inspection, Test and Operating Status; Nonconformance Control; Corrective Action; QA Records; and Audits.

3.0 AUDIT TEAM AND OBSERVERS

Richard L. Maudlin, Audit Team Leader, Office of Quality Assurance (OQA)
Donald J. Harris, Audit Team Member, OQA
David S. Haas, Technical Specialist, Kiewit/PB

4.0 PERSONNEL CONTACTED DURING FACILITY AUDIT

Mike Mitchell, President, ESSC
Robert Paton, Vice President, Quality Assurance, ESSC
Lisa Mitchell, Sales Manger, ESSC
Jeff Fordon, Operations Manager, ESSC
Greg Murnock, Project Manager, ESSC
Jill O'Dell, Sr. QA Specialist, ESSC
James Feil, Welding Engineer, ESSC
Tim Shepard, QC Inspector, ESSC

5.0 SUMMARY OF AUDIT RESULTS

ESSC's QA Manual, Revision 1, addresses the applicable elements of the OCRWM QARD for the intended scope of work. Implementation of the applicable elements of the QARD by ESSC is considered satisfactory and effective, with the exception of those unsatisfactory conditions described in Section 6.0 of this report, "Deficiencies/Recommendations." ESSC's program and procedures appear to be technically sound for the materials being provided to Kiewit/PB. ESSC has a history of supplying material and services to the commercial nuclear industry. The material dedication program was determined to be above average with good controls in place. In addition, one observation was noted in that ESSC internal audit reports do not clearly identify statements of adequacy and effectiveness. This observation is discussed in Section 6.0 of this report.

The details of the audit, along with the objective evidence reviewed, are contained within the audit checklist, which is available from the OQA's supplier evaluation files.

6.0 DEFICIENCIES/RECOMMENDATIONS

The unsatisfactory conditions have been documented on the following Deficiency Report and submitted to the Kiewit/PB for action and resolution.

DEFICIENCIES

DR YM-97-D007 - ECCS QA Manual, Section 2.0 states in part: "All ESSC personnel responsible for the quality functions described in this manual shall as a minimum read and understand the following:Procedures referenced on the persons Training Matrix Form (F-130) as being required." Section 2.0 states in part: "Lead Auditors shall be qualified in accordance with the requirements of ANSI N45.2.23 or NQA-1 Supplement 2S-3 and 2A-3, as described in the ESSC Auditor Qualification procedure Q2.3." Section 4.0, states in part: "The sales Engineer shall include the applicable material and customer requirements on the purchase order draft as appropriate and shall include:....Requirements that the supplier incorporate appropriate QA program requirements in sub-tier procurement documents."

ESSC Procedure Q16.1, Revision 0, Paragraph 3.6 states in part: "Following the QA Manager approval of the disposition and corrective action, the NCR shall be submitted to the Vice President, Quality Assurance for verification of completed disposition and corrective action as follows:...."

Contrary to these requirements: (1) There was no documented evidence that the contract person performing quality affecting activities for ESSC had documented understanding of the procedure that was required to be implemented to perform the work (i.e.; YMP-1735A, Rev 1); (2) A ESSC individual had been assigned to act as a lead auditor for the QA portion of the 1996 Internal Audit, however, there was no documented evidence that this person was certified as a Lead Auditor; (3) Herron Testing Laboratory purchase orders 6H021 and 06J066 did not include requirements for the pass down of QA requirements to sub-tier suppliers; (4) Requirements from Kiewit/PB PO 1848-0348 relating to suppliers assuring that suspect or counterfeit parts are not provided as part of the procured item were not passed down by ESSC to Dyan in ESSC PO 05A058; and (5) ESSC NCR 0758 was closed on April 22, 1996 prior to completion of the disposition which required the noted thread gage to be calibrated by the end of April. The thread gage was not calibrated until June 27, 1996.

RECOMMENDATION

ESSC internal audit reports should provide more detail on the statements of effectiveness and adequacy. As written, the audit reports must be read and understood by the reader in order to determine effectiveness and adequacy. To prevent misinterpretation of the results of the audit, concise statements of effectiveness and adequacy should be documented in the reports.