

Update on Industry Activities Related to Counterfeit, Fraudulent and Suspect Items (CFSI)

NRC Public Meeting
August 16, 2012

SECY-11-0154

- NRC issued SECY-11-0154 “An Agencywide Approach to Counterfeit, Fraudulent and Suspect Items” on October 28, 2011
- Included 19 Planned Actions to address 24 Issues
 - *Industry process enhancements and best practices*
 - Regulatory Guidance
 - Communication
 - Training
 - *Industry oversight for detecting & preventing CFSI*



Agenda

- Industry Strategy – Pilot Program
- Self Assessment
- Proactive Strategy Assessment
- Barriers / Challenges



Pilot Program

- Initial industry response to CFSI began in 2007
- 2012 - Pilot program selected from Core Team
 - 20 Operating Plants
 - 5 New Plant Projects

Self Assessment

- Self Assessment
 - EPRI Guidelines (1019163 and 1021493)
 - NRC identified proactive strategies (SECY 11-0154)



Proactive Strategy Assessment



NRC Public Meeting
August 16, 2012

Develop a method for sharing CFSI Information, including issues identified during receipt inspection and commercial grade dedication

- CFSI reported to INPO as OE. SR reported under Part 21.
 - INPO performance assessments help institutionalize
- EPRI Suspect CFI database online (for members)
- Voluntary initiative to report substandard items (SR & NSR) to EPRI. (72% operating plants reporting)
 - EPRI Substandard Incident Review Team review
- No automatic notifications to suppliers*
- Limited supplier reporting at this time*
- Limited supplier awareness & access to INPO documents*



Develop an industry accepted practice for using the corrective action program and nonconformance programs for entering CFSI related to safety related components

- Existing processes include CAP, NCR, and Receipt Inspection (RI) that address these conditions.
- CFSI is treated as a nonconforming item or condition adverse to quality as appropriate.
- Specific means are left to the discretion of the user.
- Procedure enhancements being developed for improved coding by Pilot Group (RI and CAP)*



Develop an industry accepted practice for using the corrective action program to enter non-safety related CFSI into the corrective action program

- Existing processes include CAP, NCR, and Receiving Inspection that address these conditions.
- CFSI is treated as a nonconforming item or condition adverse to quality as appropriate.
- Specific means are left to the discretion of the user.
- Procedure enhancements being developed for improved coding by Pilot Group (RI and CAP)*



Establish an industry CFSI database

- Database for CFSI currently maintained by EPRI.
- EPRI will share contents of EPRI database with NRC if requested for their use.
- Access to EPRI database noted in previous issue*
- Legal issues associated with sharing of information which need to be addressed*



Incorporate industry best practices for quarantining CFSI items and removing them from supply chain without returning them to supplier

- Processes exist for quarantine and/or segregation of items for ALL nonconforming items.
- Significant legal and financial concerns for not returning an item. Must be resolved by purchaser and supplier on a case by case basis*
- Concerns that additional controls could potentially discourage reporting and subsequent trend analysis*

Incorporate industry best practices for identifying and informing the industry of CFSI trends

- INPO OE for sharing of confirmed instances.
- INPO performance assessments help institutionalize.
- Consider routine interface to exchange data with NRC, DOE and others as appropriate*
- Limited automatic notifications based on reporting*
- Limited supplier reporting at this time*
- Limited supplier awareness & access to INPO documents*



Incorporate industry best practices for enhancing commercial-grade dedication, and receipt inspection practices to account for CFSI

- *EPRI Guidance for performance of CGD includes appropriate controls. Document revision will reference information on CFSI.*
- *Receipt Inspection best practices were addressed through Comprehensive Improvement Initiative. Supplier performance verified through NUPIC.*
- *EPRI Self Assessment Checklist can assist in identification of potential gaps.*



Incorporate industry best practices for enhancing commercial-grade dedication, and receipt inspection practices to account for CFSI

- *Training being provided by EPRI for Receipt Inspection techniques for identifying CFSI.*
- *EPRI Supply Chain Management Guideline being developed and will address CFSI**



Incorporate industry best practices for product authentication of complex items that will provide additional assurance for preventing CFSI

- Existing processes are in place to detect and prevent CFSI.
 - Concerns regarding the terms “product authentication” and “complex items” require further discussion.

Incorporate industry best practices for using batch sampling with authentication testing

- Existing processes are in place to detect and prevent CFSI.
 - Concerns regarding the term “authentication testing” require further discussion.
- EPRI Sampling guidance was revised to address previous NRC concerns



Incorporate industry best practices for the use of standardized anti-CFSI language in procurement documents

- Standard procurement clause has been developed with input from several suppliers and included in EPRI 1019163, Appendix B.
 - Base language has been implemented by several licensees



Develop a plan for implementing "proactive" CFSI strategies

- Resolution of these issues requires involvement of broad stakeholder groups (Legal, Licensing, Procurement, etc.).
- Core Team to review the results of the pilot self assessment and develop action plan.
- Input from additional stakeholders will be considered.
- Consider NRC endorsement of EPRI Guideline 1019163 and Self Assessment EPRI 1021493



Conclusion

- Actions to enhance CFSI protections must be soundly and broadly based
- Further industry interactions with NRC planned

