

# Industry Perspectives on Authentication of CFSI

**NRC Public Meeting  
February 13, 2013**



NUCLEAR  
ENERGY  
INSTITUTE

**SECY 11-0154:** *Incorporate industry best practices for product authentication of complex items that will provide additional assurance for preventing CFSI*

**Problem:** Clarification is needed to better define items subject to “authentication” and the extent of inspection necessary to confirm that the items are authentic.



# Industry Objectives

- **Identify items during the procurement process that are considered “at-risk” for counterfeiting or fraud.**
- **Define enhanced receiving inspections/testing necessary to confirm that at-risk items received are authentic.**
- **Implement enhanced inspections/testing of at-risk items.**



# **“At-Risk” Procurement Defined**

- **A procurement is “at-risk” if the purchasing agent, material analyst, or procurement engineer are aware of exposure to risk factors known to be associated with counterfeit and fraudulent items including (but not limited to) the following:**

# **“At-Risk” Procurement Defined**

- **The product is known to be susceptible to counterfeiting**
- **Product is a commodity vs. an engineered product**
- **OE has identified receipt of suspected counterfeit or fraudulent items of similar type (i.e. manufacturer/supplier and part/model number combination)**
- **OE has identified receipt of suspected counterfeit or fraudulent items from the selected supplier**
- **The supplier will not accept a purchase order (Credit Card only)**
- **The supplier is new (without an established record)**
- **The supplier is unknown or unverified (e.g. internet-based) supplier or broker**

# **“At-Risk” Procurement Defined**

- **The supplier is not the OEM or is not authorized by the OEM or the licensee to provide the items being purchased (authorization critical for items such as lifting/rigging; Safety; Fire Protection; etc)**
- **The supplier takes exception to anti-counterfeiting / fraud language in the purchase order**
- **The cost/unit quoted is significantly lower than other quotes or previous purchase prices (at the same quality level imposing similar requirements)**
- **The items being ordered are known to originate from regions known to provide counterfeit items of that type (e.g. integrated circuits originating from China)**



# Enhanced Inspection for At-Risk Items

- Inspections implemented to confirm that the items received are authentic
- Could be based on input from the manufacturer
- Inspections in addition to normal receiving inspections.
- Specified by appropriate engineering/technical organization
- Implemented at receiving inspection
- Appropriate sampling for destructive testing

# Summary

- **Utility CFSI process should include guidance for supply chain personnel to designate a purchase as “at-risk”, specify enhanced inspections for at-risk items, and implement enhanced inspections at receipt, to provide reasonable assurance that items received are authentic.**