



# Oversight of Suppliers and Sub-suppliers

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- Introduction to SPX – Copes Vulcan
  - Operations
  - Nuclear Quality Assurance
  - Vendor base
- Situation and Lessons Learned
  - Traceability
  - Material Certification
  - Inspection
- Remediation from Lessons Learned
- Summary
- Questions?

- Located in McKean, PA.  
(3 miles south of Erie, PA)
- Facility Size : 60,000 square feet
- 91 Employees
- Focused on core competencies
  - International Sales
  - Design Engineering
  - Quality Assurance
    - Inspection
    - NDE
    - Certification
  - Contracts Management
  - Operations
    - Assemble
    - Test
    - Nuclear welding

Dedicated to supporting the nuclear industry

- ASME Section III N-stamp holder for construction of class

1, 2, and 3 Valves (May, 1971)



- NPT-stamp for nuclear spare parts (May, 1971)



- 10CFR50 Appendix B and 10CFR Part 21

- NQA-1

- HAF-604

ISO-9001 Certified



Committed to a robust Quality Program



# Supported by Base of Suppliers



- Vendors Providing;
  - Machining
  - Heat-treating
  - Lab services
  - Commodities
- 90% of Vendors require Commercial Grade Dedication
- 80% of Vendors within 90 miles of SPX
- Most privately held
- 15-30 # Employees typical
- 10-35 years working with SPX



Local base of supplier support

SPX experience and data indicated that a successful long-term vendor relationship using the current vendor oversight process would provide adequate control of the vendors Quality system.

- Vendor sub contracted machining services out to an unapproved sub-vendor.
  - Long-term SPX vendor of machining services
  - Local, privately held, 12-15 employees
  - Commercial Grade Survey Supplier
- Immediately communicated potential issue to concerned parties.
- Investigation to determine extent of the condition.
  - Assessments of previously unapproved sub-vendors
  - Complete records review
  - Confirmed material identity
  - Presented results to interested parties
- Acceptance by ANI.

## Lessons Learned

1. Be cautious of oversight complacency with long-term vendors

# Vendor Oversight Lesson Learned

SPX Surveyed and source inspected as a part of the vendor oversight program.

- Vendor sub contracted machining services to unapproved sub-vendors.
  - Discovered during extent of condition investigation
  - Long-term SPX vendor of machining services
  - Recent change in ownership
  - Local, privately held, 15-18 employees
  - Commercial Grade Survey Supplier
- Immediately communicated potential issue to concerned parties.
- Investigation to determine extent of condition.
  - Assessments of previously unapproved sub-vendors
  - Complete records review
  - Confirmed material identity
  - Presented results to interested parties
- Acceptance by ANI.

## Lessons Learned

2. Conduct random Vendor site visits; have a plan, make a record.



During the CGS SPX reviewed and confirmed existence and use of  
“Contract Review Process”.

- Vendor sub contracted machining services out to unapproved sub-vendors, contrary to contract terms and conditions.
- Two Long-term SPX machining services vendors
  - Vendor #1 Response...“since we were approved by CGS, we thought we could outsource.”
  - Vendor #2 Response...“we made an error in interpretation.”
- Both vendors local, privately held, Commercial Grade Survey Supplier
- Immediately communicated potential issue to concerned parties.
- Investigation to determine extent of the condition.
  - Assessments of previously unapproved sub-vendors
  - Complete records review
  - Confirmed material identity
  - Presented results to interested parties
- Acceptance by ANI.

## Lessons Learned

3. Conduct in person contract review with vendors. (3-way communication)

SPX procured material from a known vendor with Appendix B and NQA-1 programs for our safety related components.

- Vendor used improper application of Unqualified Source Material requirements NCA-3855.5 in the supply of forgings.
  - Long-term SPX vendor of raw material
  - Active Appendix B and NQA-1 compliant programs
- SPX segregated material into Non-conforming Hold Area.
- SPX issued SCAR to vendor for the non-conformance.
- Vendor conducts investigation to determine extent of condition.
  - Vendor re-inspected material for chemical/physical test requirements
  - Complete records review
  - Confirmed material identity
  - Presented results to interested parties
- Material certification provided by supplier to NCA-3855.5 requirements.

## Lessons Learned

4. Vendors changing commodity/scope require enhanced oversight

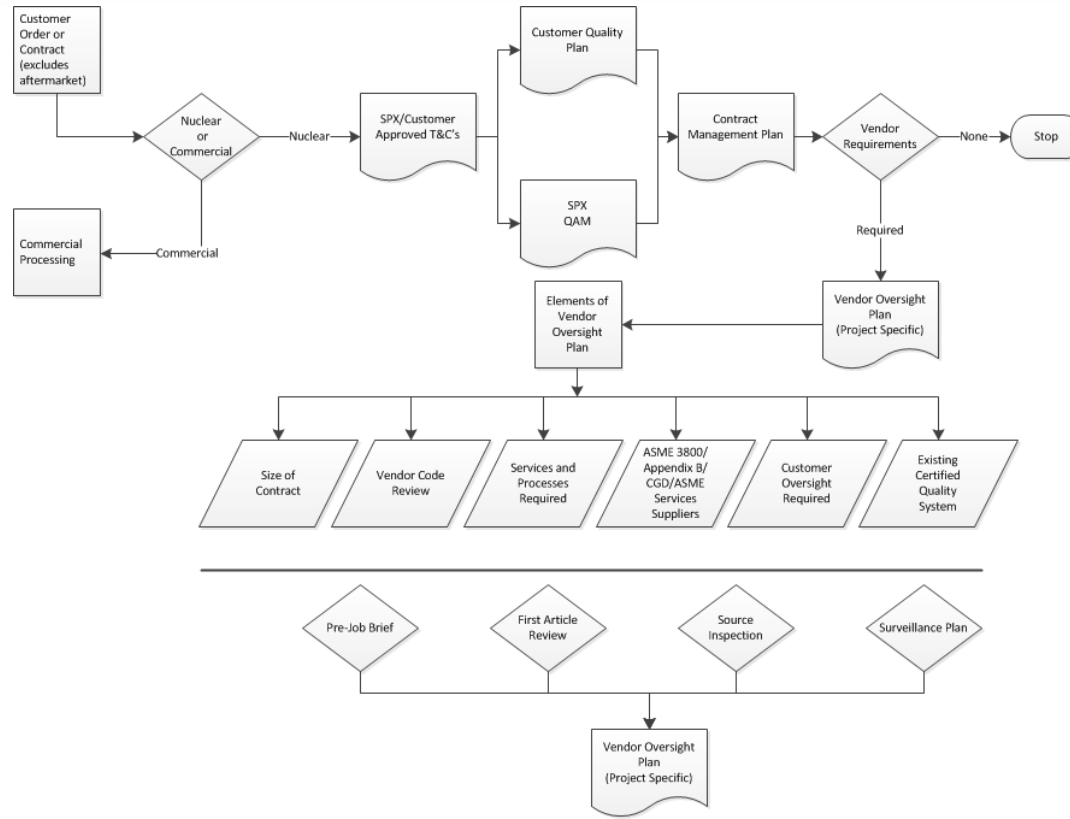
SPX procured product from a known vendor with Appendix B and NQA-1 programs for our safety related components.

- Material received from vendor with discrepant conditions noted at SPX receipt inspection.
  - Long-term SPX vendor of finished items
  - Active Appendix B and NQA-1 compliant programs
- SPX segregated material into Nonconforming Hold Area.
- SPX issued SCAR to vendor for the non-conformance.
- SPX returned material for rework and re-inspection by the vendor.
- Vendor returned conforming material to SPX for re-inspection.

## Lessons Learned

5. Conduct source inspection during vendor inspection activities.

# Enhanced SPX Vendor Oversight Plan



1. Be cautious of oversight complacency with long-term vendors.
2. Conduct random vendor site visits; have a plan, make a record.
3. Conduct in person contract review with vendors.
4. Vendors changing commodity/scope require enhanced oversight.
5. Conduct source inspections during vendor inspection activities.

Questions?