

December 30, 2015

MEMORANDUM TO: Michael C. Cheok, Director
Division of Construction Inspection
and Operational Programs
Office of New Reactors

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SUBJECT: VENDOR INSPECTION PROGRAM ANNUAL
SELF-ASSESSMENT REPORT FOR FISCAL YEAR 2015

The Vendor Inspection Program (VIP) verifies that reactor applicants and licensees are fulfilling their regulatory obligations with respect to providing effective oversight of the supply chain. It accomplishes this through a number of activities, including: performing vendor inspections that will verify the effective implementation of the vendor's quality assurance program, establishing a strategy for vendor identification and selection criteria, and ensuring vendor inspectors obtain necessary knowledge and skills to perform inspections. In addition, the VIP addresses interactions with nuclear consensus standards organizations, industry and external stakeholders, and international constituents.

The VIP also includes objectives and associated performance metrics to demonstrate that the overarching goals are being supported. The VIP performance metrics are assessed to ensure successful implementation and continuous improvement of the VIP. These performance metrics

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use objective measures and predetermined criteria to monitor the performance of the VIP as described in the "Vendor Inspection Program Plan," Revision 12, dated March 2015 (Agencywide Documents Access and Management System Accession No. ML15272A080).

The performance metrics are based on input from various sources, including but not limited to inspection reports, stakeholder surveys, and vendor inspection staff's comments. The vendor inspection staff collects data quarterly and uses pre-established success criteria to analyze the data. In most cases, success is defined as a steady or improving trend and achieving the goals of the program performance metrics. Performance metrics have been established for each of the following VIP objectives:

- VIP O-1: Verify that applicants and licensees are fulfilling their regulatory obligations with respect to providing effective oversight of the supply chain for operating reactors and reactor design and construction through a strategic sample of vendor inspections.
- VIP O-2: Effectively communicate with internal and external stakeholders.
- VIP O-3: Perform timely and adequate allegation follow up and closure.
- VIP O-4: Ensure that vendor inspectors have the necessary knowledge and skills to successfully implement the VIP.

Each objective has a set of performance metrics associated with it in order to establish the overall success of the VIP.

The results of the vendor inspection staff's analysis are enclosed. The vendor inspection staff found that for fiscal year 2015, the VIP met 10 out of 11 performance metrics by meeting the criteria defined in Appendix D, "Vendor Inspection Program Performance Metrics," to the "Vendor Inspection Program Plan." The performance metric not met involved the timely release of acknowledgement letters, and will be reviewed and evaluated by management for corrective actions.

Enclosure:
Vendor Inspection Program
Performance Metrics

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Enclosure:
Vendor Inspection Program
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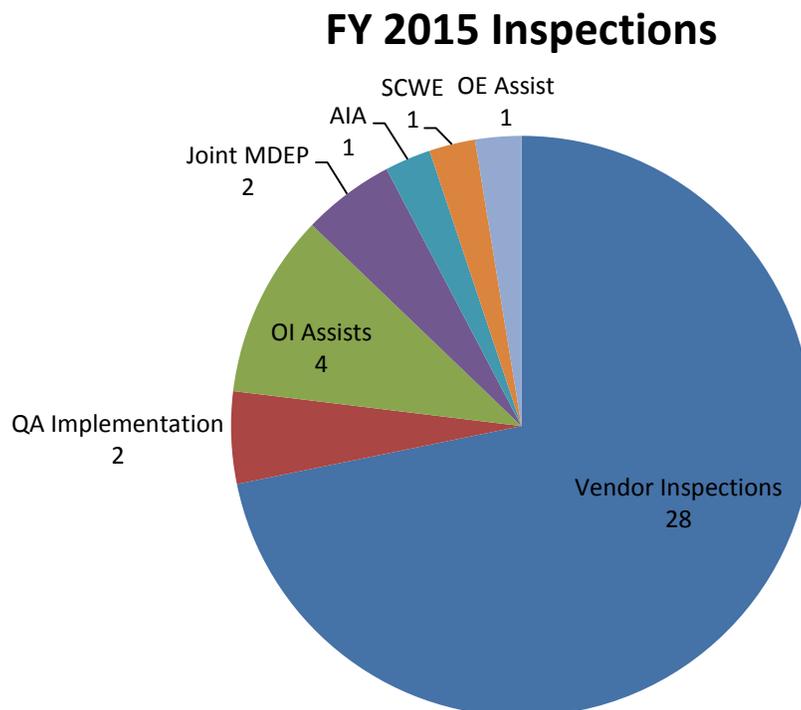
VENDOR INSPECTION PROGRAM PERFORMANCE METRICS

VIP-O-1A Accomplish the Nuclear Regulatory Commission (NRC), Office of New Reactors (NRO), Division of Construction Inspection and Operational Programs' (DCIP) Established Number of Inspections per Fiscal Year

Definition: Accomplish DCIP's established number of inspections per fiscal year to capture a reasonable perspective of industry performance.

Criteria: Expect DCIP to perform the required number of inspections established at the beginning of the fiscal year.

Goals: Effective, Open



Analysis: DCIP's Operating Plan directed the vendor inspection staff to perform a minimum of 30 inspections during fiscal year (FY) 2015. The vendor inspection staff completed a total of 39 vendor inspections, including four Office of Investigation (OI) assists, one Office of Enforcement (OE) assist, one Safety Conscious Work Environment (SCWE) inspection, one Aircraft Impact Assessment (AIA) inspection, two joint international inspections under the Multinational Design Evaluation Program (MDEP), and two Quality Assurance (QA) Implementation Inspections during FY 2015.

Metric Criteria Met: Yes

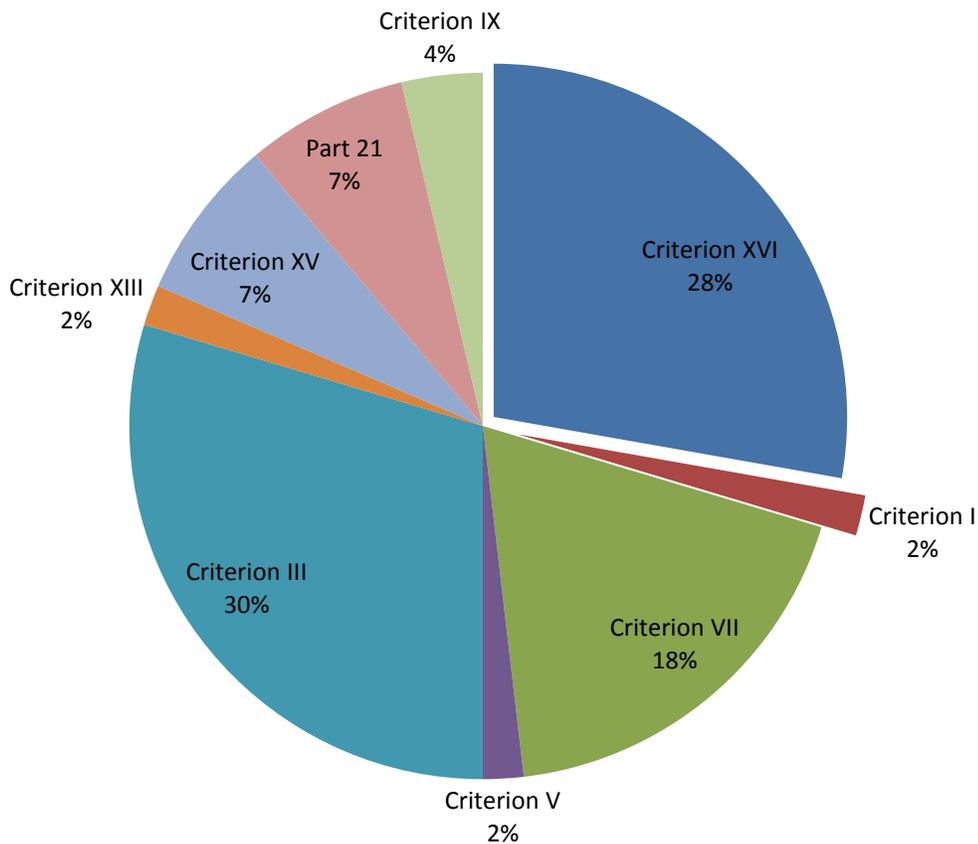
VIP-O-1B: Completion of Annual Assessment of the Number of Notices of Violations (NOV) and Notices of Nonconformance (NON)

Definition: Perform an annual assessment of the number of NONs and NOVs to identify areas for industry improvement and take corrective actions as necessary. Corrective actions may include discussions at the vendor workshop, issuance of generic communications, and other activities.

Criteria: Expect a declining trend over time.

Goals: Objective, Open, Risk-Informed

FY 2015 NOVs and NONs



Analysis: The NRC issued a total of 60 NOVs and NONs against licensees, applicants, and vendors during FY2015. The increase in the amount of NOVs and NONs from FY2014 to FY2015 was due to the increased number of vendor inspections performed (1) for reactive inspections; (2) at qualification testing facilities for AP-1000 activities; and, (3) of vendors who had never been inspected by the NRC. We continue our interactions with stakeholders and the industry to discuss issues identified during vendor inspections through Nuclear Procurement Issues Committee (NUPIC) meetings and our biennial Workshop on Vendor Oversight.

Metric Criteria Met: Yes

VIP-O-2A Inspection Reports Are Relevant, Useful, and Written in Plain Language

Definition: Survey external and internal stakeholders to determine whether the information contained in inspection reports is relevant, useful, and written in plain language.

The NRC's quality assurance public Website provides a link to the Vendor Inspection Report Survey Form. Interested stakeholders can complete the survey and submit it electronically.

Criteria: Expect stable or increasingly positive perception over time.

Goals: Effective, Open, Understandable

Analysis: This metric requires a survey of external and internal stakeholders to determine if the information contained in the inspection reports is relevant, useful, and written in plain language. From the six completed feedback forms, each vendor agreed that the information contained in the inspection reports is relevant, useful, and clearly understood.

Metric Criteria Met: Yes

VIP-O-2B Notification of Inspection¹

Definition: Obtain data on the total number of inspections that were notified to the vendor within the timeliness goals stipulated in Section 10 of this plan.

Criteria: Expect 90 percent of inspections to be announced to the vendor within the Vendor Inspection Program (VIP) timeliness goals.

Goals: Effective, Open, Predictable

Analysis: The metric for notifying the vendors of an NRC inspection is no less than 30 calendar days from the start date of the inspection. Out of 27 notifications of inspection completed in FY 2015, the vendor inspection staff announced 27 within the VIP timeliness goal, which represents a score of 100%. The total average time for inspection notification was 46 days.

Metric Criteria Met: Yes

¹ Staff collected data from inspection reports published in FY 2015. The data for inspections that occurred in FY 2015 but which will be issued in FY 2016, will be captured during FY 2016's assessment.

VIP-O-2C Inspection Plans are Timely¹

Definition: Obtain data on the total number of inspection plans issued within the timeliness goals stipulated in Section 10 of this plan.

Criteria: Expect 90 percent of inspection plans to be issued within the VIP timeliness goals.

Goals: Effective, Open, Predictable

Analysis: The metric for issuing inspection plans is no less than seven calendar days from the start date of the inspection. Out of 30 inspection plans completed in FY 2015, the vendor inspection staff completed 29 within the VIP timeliness goal, which represents a score of 96.67%. The total average time for inspection plans was 13 days.

Metric Criteria Met: Yes

VIP-O-2D Inspection Reports are Timely¹

Definition: Obtain data on the total number of inspection reports issued within the timeliness goals stipulated in Section 10 of this plan and Inspection Manual Chapter 0617, "Vendor and Quality Assurance Implementation Inspection Reports," dated October 3, 2013.

Criteria: Expect 90 percent of inspection reports to be issued within the VIP timeliness goals.

Goals: Effective, Open, Predictable

Analysis: The metric for issuing inspection reports is no later than 45 calendar days after the exit meeting of the inspection. Out of 34 inspection reports completed in FY 2015, the vendor inspection staff completed 33 inspections reports within the VIP timeliness goals, which represents a score of 97%. The total average time for inspection reports was 39 days.

Metric Criteria Met: Yes

VIP-O-2E Acknowledgment Letters Are Timely¹

Definition: Obtain data on the total number of acknowledgement letters issued within the timeliness goals stipulated in Section 10 of this plan.

Criteria: Expect 90 percent of acknowledgement letters to be issued within the VIP timeliness goals.

Goals: Effective, Open, Predictable

Analysis: The metric for issuing acknowledgement letters is no later than 30 days after the last communication received by the licensee, vendor or applicant. Out of the 29 vendor responses received in FY 2015, the vendor inspection staff issued 24 acknowledgement letters within the VIP timeliness goals, which represents a score of 82.76%. The total average time for responses was 24 days.

Metric Criteria Met: No

Corrective Actions: The vendor inspection staff noted that the root cause for the late issuance of acknowledgement letters was due to, (1) in two instances, the inspection team lead received comments and concurrences from external offices and/or international team members past the metric due date. No specific corrective actions are needed for these instances due to the fact that they are outside of DCIP's control. (2) For the remaining three instances, the inspection team leaders failed to meet the due dates and were reminded of their responsibilities associated with these deadlines. This issue will continue to be reinforced at vendor training sessions.

VIP-O-2F Inspection Results Accepted by Stakeholders

Definition: Track the total number of NOV's and NON's contested by vendors.

Criteria: Retract less than 20 percent of NOV's and NON's because they are successfully contested by the stakeholders.

Goals: Effective, Objective, Open, Predictable

Analysis: There were no NOV's or NON's contested by stakeholders during FY 2015. Therefore, the vendor inspection staff did not retract any NOV's or NON's. One ongoing contested NOV from FY 2013 was resolved in FY 2015. The NOV was not retracted.

Metric Criteria Met: Yes

VIP-O-3 Allegation Support

Definition: Achieve the timely completion of inspection reports resulting from reactive inspections and the timely submittal of allegation response documents.

Criteria: Conduct all support within the Allegation program timeliness goals.

Goals: Effective, Objective, Risk-Informed

Analysis: The vendor inspection staff provided support for 34 allegations during FY 2015. Of those allegations, two resulted in reactive inspections based on the outcome of an Allegation Review Board (ARB). All input provided to the allegation staff in the Office of Nuclear Reactor Regulation was submitted within the Allegation Program timeliness requirements.

Metric Criteria Met: Yes

VIP-O-4A Assessment of Trainee Qualifications

Definition: Branch Chiefs assess inspectors in training for progress in achieving qualifications at least quarterly.

Criteria: Expect 90 percent of trainees to qualify in 2 years.

Goals: Effective, Predictable, Understandable

Analysis: Four vendor inspectors qualified in FY 2015. All were within the two-year qualification timeline. There were five trainees undergoing the qualification process at the end of FY 2015. They are all on track to meet the two-year qualification period.

Metric Criteria Met: Yes

VIP-O-4B Assessment of Inspector Proficiency

Definition: Maintain proficiency for all qualified inspectors.

Criteria: Maintain annual proficiency for all qualified inspectors in accordance with the guidance set forth by the VIP for refresher and continuing training.

Goals: Effective, Predictable, Understandable

Analysis: All qualified vendor inspectors met the annual proficiency requirements as stated in Section 12 of the "Vendor Inspection Program Plan," Revision 7, dated August 2013 and Section C-8 of Appendix D1 to Inspection Manual Chapter 1245, "Maintaining Qualifications," dated December 2011.

Metric Criteria Met: Yes