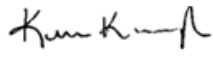




UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

November 1, 2022

MEMORANDUM TO: Christopher Miller, Director  
Division of Reactor Oversight  
Office of Nuclear Reactor Regulation

FROM: Kerri A. Kavanagh, Chief  Signed by Kavanagh, Kerri  
Quality Assurance and Vendor Inspection Branch on 11/01/22  
Division of Reactor Oversight  
Office of Nuclear Reactor Regulation

SUBJECT: VENDOR INSPECTION PROGRAM ANNUAL SELF-ASSESSMENT  
REPORT FOR FISCAL YEAR 2022

The Vendor Inspection Program (VIP) verifies that reactor applicants and licensees are fulfilling their regulatory obligations with respect to providing effective oversight of the nuclear supply chain. It accomplishes this through limited scope, targeted inspections of vendor quality assurance programs, communicating relevant vendor information to stakeholders, and supporting allegation response activities. 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 use objective measures and predetermined criteria to monitor the performance of the VIP as described in the "Vendor Inspection Program Plan," Revision 27, dated September 2022 (Agencywide Documents Access and Management System Accession No. ML22243A128).

The performance metrics are based on input from various sources, including, but not limited to, inspection reports and vendor inspection staff 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:

Enclosure:  
Vendor Inspection Program Performance Metrics

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301-415-6441

- 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 analysis are enclosed. The vendor inspection staff found that for fiscal year 2022, the VIP met 10 out of 10 performance metrics by meeting the criteria defined in Appendix D, "Vendor Inspection Program Performance Metrics," to the "Vendor Inspection Program Plan."

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REPORT FOR FISCAL YEAR 2022 Dated: November 1, 2022

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<b>DATE</b>	10/26/2022	10/26/2022	11/1/2022

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## VENDOR INSPECTION PROGRAM PERFORMANCE METRICS

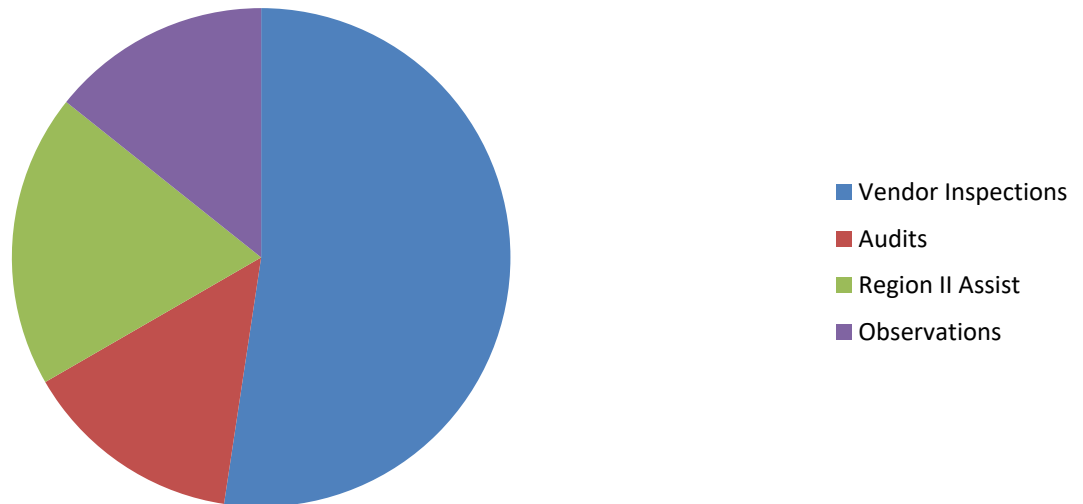
**VIP-O-1A** Accomplish DRO's (Division of Reactor Oversight) Established Number of Inspections per Fiscal Year<sup>1</sup>

**Definition:** Accomplish DRO's established number of inspections per fiscal year (FY) to capture a reasonable perspective of industry performance (per NUREG-1100, "Performance Budget/Congressional Budget Justification").

**Criteria:** Expect DRO to perform the required number of inspections established at the beginning of the FY.

**Goals:** Effective, Open

### FY 2022 Inspections



**Analysis:** DRO's Operating Plan directed the vendor inspection staff to perform a minimum of 20 inspections during FY 2022. In FY 2021, the DRO metric was modified to include licensing audits, observations, and regional inspection support to the definition of inspections. As such, the vendor inspection staff completed a total of 21 inspections, audits, observations, and assists: 11 vendor inspections, three observations of Nuclear Procurement Issues Corporation audits, three licensing audits, and four Region 2 assists. Therefore, this represents a score of **100%**.

**Metric Criteria Met: Yes**

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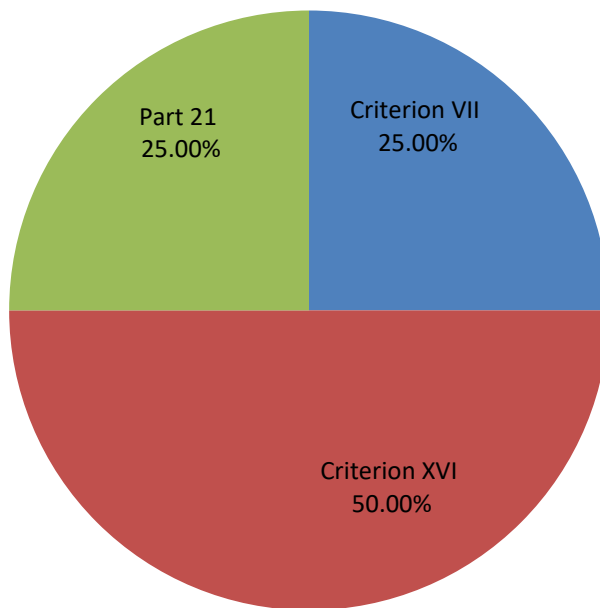
<sup>1</sup> This metric is counted based on the FY of the entrance date of the inspection. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

**VIP-O-1B: Completion of Annual Assessment of the Number of Notices of Violations (NOV) and Notices of Nonconformance (NON)<sup>2</sup>**

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

**Criteria:** Expect industry attendance at vendor workshops and industry outreach meetings and through generic communications.

**Goals:** Objective, Open, Risk-Informed



**Analysis:** The Nuclear Regulatory Commission (NRC) issued three NONs and one NOV against three vendors during FY 2022. The slight increase in the total number of NONs and NOV issued from FY 2021 to FY 2022 are mainly in the areas of supplier oversight and corrective action. The Quality Assurance and Vendor Inspection Branch (IQVB) staff will continue to focus on these areas during future inspections and stress the importance of adequately implementing a corrective action program to vendors. Therefore, this represents a score of **100%**.

**Metric Criteria Met: Yes**

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<sup>2</sup> This metric is counted based on the FY of when the inspection report is issued. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

**VIP-O-2A Obtain Feedback from Vendors After the Vendor Inspection<sup>3</sup>**

**Definition:** The IQVB Branch Chief will solicit feedback from vendors on such aspects as the immediate inspection effort, vendor oversight, or NRC requirements and guidance.

**Criteria:** Expect stable or increasingly positive perception over time.

**Goals:** Effective, Open, Understandable

**Analysis:** This metric requires that the IQVB Branch Chief solicit feedback from the vendor's management on such aspects as the immediate inspection effort, vendor oversight, or NRC requirements and guidance. In FY 2022, the IQVB Branch Chief solicited feedback from 10 vendors. Out of the 10, seven vendor responses were received. All except one was positive. This feedback was discussed with vendor inspection staff. The remainder of the feedback that was received spoke to the thoroughness of the inspections and the professionalism of the NRC staff. Therefore, this represents a score of **100%**.

**Metric Criteria Met: Yes**

**VIP-O-2B Notification of Inspection<sup>4</sup>**

**Definition:** Obtain data on the total number of inspections that were notified to the vendor within the timeliness goals stipulated in Section 10 of the Vendor Inspection Program (VIP) plan.

**Criteria:** Expect ninety percent of inspections to be announced to the vendor within the 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 unless the inspection is unannounced. In cases where the need for the inspection arises (i.e., allegation, testing schedule, and/or specific vendor activity) less than 35 days before the inspection start date, issue the Announcement Letter within five calendar days of being notified of the need for the inspection. In cases where the need for the inspection arises less than five calendar days, issue the Announcement Letter prior to the inspection. Out of the 12 notifications of inspection completed in FY 2022, all were within the VIP timeliness goal, which represents a score of **100%**. Although 21 total inspections were conducted in FY 2022, four announcement letters were captured in the FY 2021 metrics; audits, assists, and observations are not announced by the NRC, and two announcement letters pertained to inspections that will be conducted in FY 2023.

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<sup>3</sup> This metric is counted based on the FY of the exit date of the inspection. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

<sup>4</sup> This metric is counted based on the FY of the first announcement of the inspection to the vendor if applicable. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

**Metric Criteria Met: Yes**

**VIP-O-2C Inspection Plans are Timely<sup>5</sup>**

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

**Criteria:** Expect ninety 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. In cases where the need for the inspection arises (i.e., allegation, testing schedule, and/or specific vendor activity) less than seven calendar days before the inspection start date, issue the inspection plan prior to the inspection. Out of 10 inspection plans completed in FY 2022, all were completed within the VIP timeliness goal, which represents a score of **100%**. Although a total of 21 inspections were conducted in FY 2022, two inspection plans were captured in the FY 2021 metrics, audits, assists, and observations do not require an inspection plan, two previously announced inspections were either cancelled or postponed, and two inspection plans pertained to an inspection that will be conducted in FY 2023.

**Metric Criteria Met: Yes**

**VIP-O-2D Inspection Reports are Timely<sup>6</sup>**

**Definition:** Obtain data on the total number of inspection reports issued within the timeliness goals stipulated in Section 10 of the VIP plan and Inspection Manual Chapter 0617, "Vendor and Quality Assurance Implementation Inspection Reports," dated February 2020.

**Criteria:** Expect ninety 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, extended until the next business day if the 45 days end on a weekend or a Holiday. Out of the 10 inspection reports issued in FY 2022, all were completed within the VIP timeliness goal, which represents a score of **100%**. Although 21 total inspections were conducted in FY 2022, it should be noted that one inspection report was issued for an inspection that was captured

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<sup>5</sup> This metric is based on the FY of when the inspection was announced to the vendor. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

<sup>6</sup> This metric is based on the FY of when the inspection report was issued to the vendor. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.

in the FY 2021 metrics and the NRC does not issue inspection reports for audits, assists or observations, and two inspection reports will be captured in the FY 2023 metrics.

**Metric Criteria Met: Yes**

**VIP-O-2E Acknowledgment Letters Are Timely<sup>7</sup>**

**Definition:** Obtain data on the total number of acknowledgement letters issued within the timeliness goals stipulated in Section 10 of this plan.<sup>7</sup>

**Criteria:** Expect ninety 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 calendar days after the vendor's last communication is entered into the Agencywide Documents Access and Management System (ADAMS). Out of the three vendor NON and NOV responses received in FY 2022, all acknowledgement letters were issued within the VIP timeliness goal, which represents a score of **100%**.

**Metric Criteria Met: Yes**

**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 ten percent of NOV's and NON's because they are successfully contested by the stakeholders.

**Goals:** Effective, Objective, Open, Predictable

**Analysis:** There were no contested NON's or NOV's by a stakeholder during FY 2022, which represents a score of **100%**.

**Metric Criteria Met: Yes**

**VIP-O-3 Allegation Support**

**Definition:** Achieve the timely submittal of allegation response documents.

**Criteria:** Conduct all support within the Allegation Program timeliness requirements. Support includes, but is not limited to, providing input for Allegation Review Board (ARBs) materials, attending ARBs, providing input to requests for information, participating in phone calls with the Concerned Individual(s), providing input for closure and response after closure letters, etc.

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<sup>7</sup> This metric is based on the date that the vendor's correction actions are received by ADAMS and the date that the staff acknowledges receipt of the vendors corrective actions. Therefore, other metrics associated with this inspection could be captured in a different FY's assessment.



**Goals:** Effective, Objective, Risk-Informed

**Analysis:** The vendor inspection staff supported 83 allegation actions during FY 2022. Of those allegations, one resulted in a reactive inspection based on the outcome of the ARB. All input provided to the Headquarters Allegation Team was submitted within the Allegation Program's timeliness requirements, which represents a score of **100%**.

**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 ninety percent of trainees to qualify in two years.

**Goals:** Effective, Predictable, Understandable

**Analysis:** In FY 2022, two vendor inspectors completed their qualifications within the two-year qualification timeline, which represents a score of **100%**.

**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 VIP plan and Section C-8 of Appendix D1 to Inspection Manual Chapter 1245, "Maintaining Qualifications," dated June 2020. Therefore, this represents a score of **100%**.

**Metric Criteria Met: Yes**