



Suspect Counterfeit Items Issues

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to the DNFSB

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The Problem

- Counterfeit parts are big business; in the \$B
- GIDEP reporting increased 140% from 2006 - 2009 (only receives about 20% of occurrences)
- Dept of Commerce reported incidents grew from 3500 in 2005 to over 9500 in 2008
- The counterfeiting industry is rapidly maturing
- Dept of Navy study determined that all elements of the supply chain have been directly impacted

NSSC questions; How big is the problem at DOE, what is the risk, guidance or execution issue, how do we improve performance?

DOE Background

- 2003 - Board established reporting requirement for S/CI. A comprehensive review of the S/CI program was conducted
- 2004 – A DOE team:
 - Generated a Suspect /Counterfeit Items Guide
 - Added guidance to the Quality Assurance Order
 - Updated Functional Area Qualification Standards
 - Added ORPS reporting requirements for S/CI
- A S/CI website and database were created
- A S/CI Training manual was developed
- In November 2004 the Board Rec was closed

Current DNFSB Issues & Concerns

- Defense Nuclear Facilities Safety Board Concerns
 - S/CI range from IC to digital I&C systems (many sites depend on these for safety)
 - Receipt inspection only cannot be relied on to detect counterfeit items
 - It is not clear the DOE follows our own guidance
 - Training is lacking
 - HQ coordination requires improvement
 - Roles and responsibilities are unclear
 - Oversight can be strengthened

Potential S/CI Introduction Paths

Purchasing, Acquisition and Construction



Function	DOE Office Responsibilities	S/CI Best Practices
Policy	HSS - Directives, QA, ISM, Oversight, Enforcement	YES
	MA - Acquisition Policy/Management, Contract Management, OECM (Oversight and Certification)	YES
Legal Issues	IG - Audits (performance and financial), Fact Finding and Allegations	YES
	GC - Legal Advice, Litigation, Enforcement	YES
Execution	PSO - Policy, Budgeting, Acquisition Executive	YES
	Field Offices - Line Management, Execution and Oversight	YES
	Contractors - Design, Engineering, Analysis, Construction, Operations, D&D	YES

Industry Best Practices for SCI Programs

- Purchasing and acquisition guidance
- Reporting criteria and feedback
- Investigations and follow up
- Interface with external organizations and databases
- Quality Assurance program established with material control processes
- Formal Training/Qualification/Certification paths
- Clear and concise documentation defining roles, responsibilities and requirements
- Independent oversight

These activities drive an effective process

Limited Department Assessment

- No central coordinating office for all safety aspects relating to S/CI
- Many diverse outreach paths to experts, industry, etc. These outreach paths are not coordinated.
- Quality objective evidence for program effectiveness at HQ is limited
- Items are reported but there is little feedback
- Training/Qualification for S/CI can be strengthened
- Aerospace industry standards are not used
- Limited analysis on trends, causes and comparisons

TPD Evaluating DOE S/CI Approach

- Evaluate industry and other governmental agency issues with S/CI
- Review industry and government agency best practices for prevention of S/CI in supply chains
- Research and evaluate relevant data from DOE sources (Lessons learned, ORPS, historical documents, etc.)
- Conduct both independent and peer assessments of DOE implementation practices in several locations

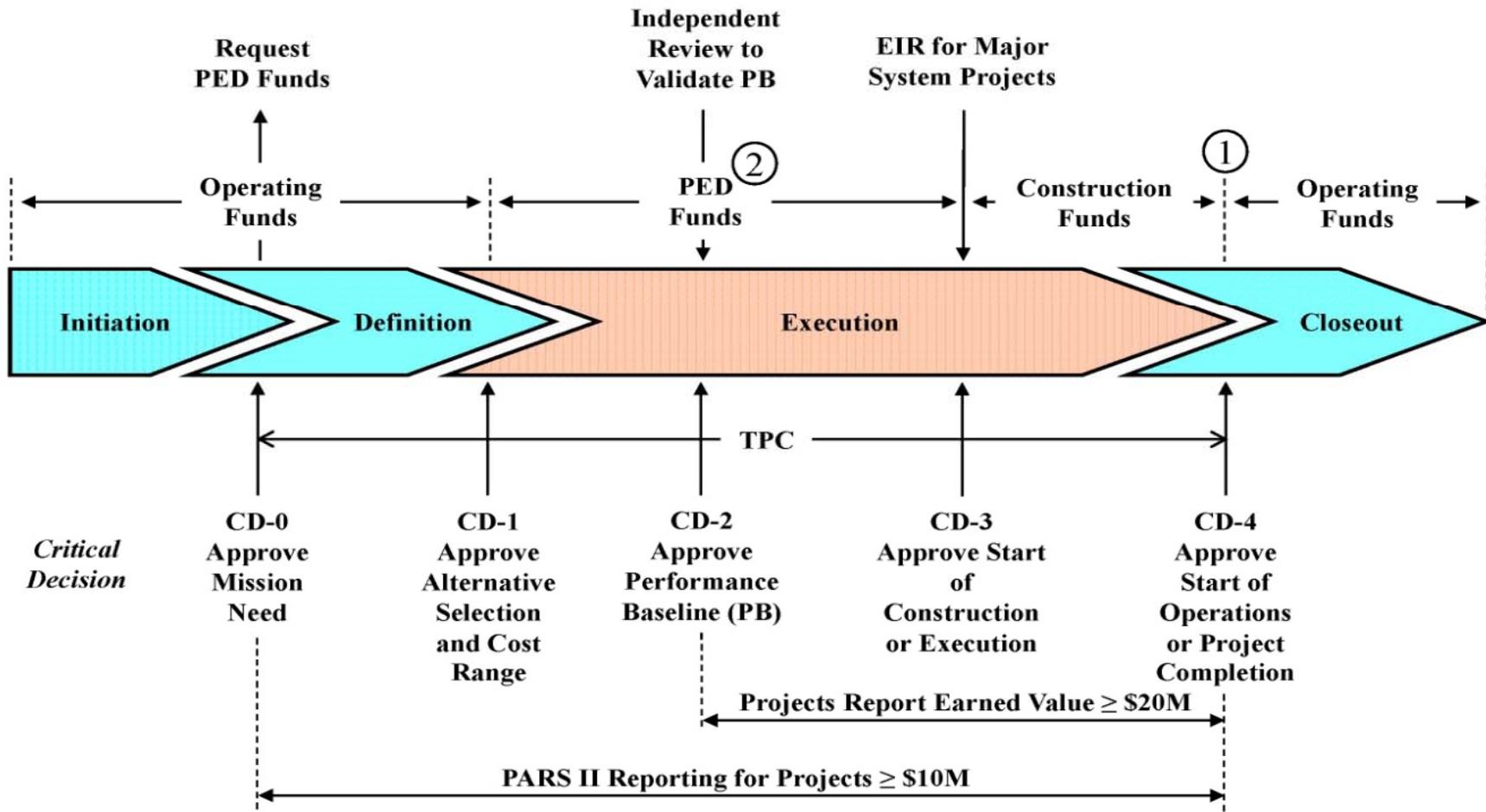
Next Steps

- Receive approval to work the TPD through the DOE Quality Council
- Assign a task lead and assemble the team (Need Volunteers)
- Assign reasonable due dates to the milestones and add/modify milestones as necessary

Questions?

Backup

Capital Asset Projects



NOTES:

1. Operating Funds may be used prior to CD-4 for transition, startup, and training costs.
2. PED funds can be used after CD-3 for design.