

COG-OCI Counterfeit, Fraudulent and Suspect Item (CFSI) Workshop
December 3 and 4, 2015
Bond Place Hotel, Toronto
Highlights

Objectives

The objectives of two-day workshop were to: 1) provide a forum for the sharing of knowledge, experience and ideas on CFSI, 2) review work done to date by EPRI, utilities and suppliers, 3) discuss programs and policies aimed at dealing with CFSI using actual CFSI incidents encountered in the industry.

Background

Utilities must continue to purchase spare and replacement items required to support operations and maintenance of nuclear power plants, while recognizing that many of these items and the materials used to fabricate them may not originate from the original manufacturer. In today's global marketplace, the rapid spread of manufacturing technology to new companies and regions has enabled quick and easy creation of counterfeit products that are difficult to distinguish from the genuine products. Significant vigilance must be expended to prevent inadvertent introduction of CFSI at any point of the nuclear supply chain procurement process - whether from suppliers or sub-suppliers. The situation may be exacerbated by pressures to keep equipment and component replacement costs as low as possible.

This report summarizes the presentations given at the CFSI Workshop by the CNSC, EPRI, the utilities and various suppliers. It is intended to increase awareness and provide guidance on the issue of counterfeit, fraudulent and suspect items (CFSI) and to communicate measures that can be implemented to prevent CFSIs from being introduced into nuclear plant supply chains.

Key Points from the workshop

- The industry must work together to gather, report and share CFSI information (setting up a common database would be a great start.)
- Improve communications with and qualification of suppliers.
- Inspection of procured items, where possible, should occur at source, upon receipt or prior to installation of the component.

At-risk purchases

- Avoid purchasing through non-OEM approved distributors.
- Avoid purchasing over the internet using credit cards
- Verify closely bulk purchased items from distributors and statistically sample test items.
- Bids that are significantly less than other bids or less than the item's average unit cost.

Suppliers and utilities good practices:

- Educate and periodically refresh CFSI training for QA, buyers, purchasing agents and inspection staff.
- Identify at-risk procurement items.
- Receipt inspectors should have CFSI inspection checklists adapted to the type of item.
- Handle CFSI that are identified during receipt, inspections or maintenance in accordance with existing non-conformance procedures; **do not** return the CFSI to the supplier.
- Award procurements contracts to authorized distributors or OEMs wherever possible.
- Consider lifetime costs, risks and quality not just the initial procurement costs of items.
- Review carefully any bids that are significantly less than other bids or less than the item's average unit cost.
- Include conditions in Purchase Orders (POs) that flow down customer requirements to sub-suppliers.
- Communicate your concerns about CFSI to sub-suppliers in writing on all POs.
- Ensure unambiguous, detailed and critical characteristics of items are specified in POs.
- Evaluate annually, and periodically audit sub-suppliers and distributors.
- Verify supplier-provided information and quality certificates by independent means.
- Verify the actual location of manufacturing/distributor using Google Earth or similar.
- Use Positive Material Identification for the analysis of a metallic alloy at material reception to establish approximate composition and compare to the CMTR.

How to use this summary report

This report summarizes main points that were discussed in each presentation. Each presentation begins at the top of a new page to make it easier to search individual presentations. The numbering of the presentation follows the order in which they appeared in the Workshop Agenda. The complete presentations are available to the reader by clicking the hyperlinks which are included after the title of the presentation; doing so will open the full presentation.

Questions raised during the workshop and after individual presentations are indicated by the letter Q: and answers by the letter A: Where no Q: or A: appears after the presentation, there were no questions raised as a result of that particular presentation.

Where publically available documents, or websites related to CFSI were mentioned in the presentations, they are hyperlinked in this summary report. To access those documents and sites on a computer having access to the internet, one only has to click the hyperlink located right after the sentence "available here". This will automatically open the document or the link to the site.

Contact Information

Nidhi Gaudani, COG Project Manager at nidhi.gaudani@candu.org

Marina Oeyangen, OCI Member Services Manager at marina.oeyangen@oci-aic.org

Prepared by Lawrence Lawrence Colligan P. Eng.