



S/CI Procurement Enhancements at Brookhaven National Laboratory

Suspect/Counterfeit Item Video Conference

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Outline

Driver/Objective - Reduce S/CI Occurrence Reports

Overview - Eliminate conditions that provoke supplier error

- Improve on Organizational Processes and Job Site Conditions
- Enhance Requisition Review Process
- Increase S/CI Awareness
- Improve on existing weaknesses
- Evaluate overall program objective

BNL S/CI Procurement Process Improvements



- Revised Terms and Conditions issued to suppliers for all Purchase Orders by expanding the S/CI requirements
- Implemented a web-based Supplier Nonconformance System with auto. email notification to BNL S/CI Coordinator
- Instituted QA Receiving Inspection for high-risk, high dollar items
- Improved communication (i.e. awareness, information & training) with suppliers/subcontractors on S/CI items
- Restricted Hoisting & Rigging items from credit card purchase – new quality requirements added
- Revised S/CI Subject Area:

BNL S/CI Procurement Process Improvements



- Improved potential inspection weaknesses at the job-site by providing QA Representatives and Plant Engineering personnel with current S/CI training and information
- Increased awareness site-wide by distributing Government/Industry Data Exchange Program (GIDEP) Alerts on S/CI items to standard distribution (e.g. QA Reps. and ESH&Q Coordinators)
- Improved DOE S/CI notification and distribution process for QA Representatives
- Better control over requisition process – QA review required and now “100 % enforced” for high risk or high dollar (i.e. \$25K) requisitions (\$10,000 policy for C-AD and NSLS requisitions)

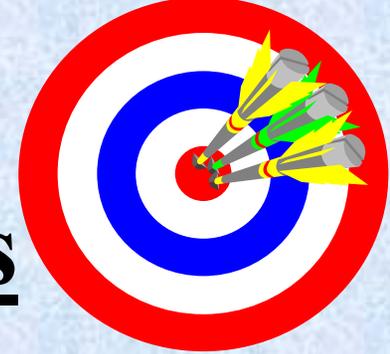
BNL S/CI Procurement Process Improvements



- Results:
 - from 6 ORPS Reports in 2004 to 1 in 2005 on S/C Items.

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Process Improvements – T&Cs



Article 16. Suspect/Counterfeit Items.

"Suspect Items" are items for which there is an indication by visual inspection, testing, or other information that it may not conform to established Government or industry-accepted specifications or national consensus standards. "Counterfeit Items" are suspect items that are a copy or substitute without legal authority to do so or whose material, performance, or characteristics are knowingly misrepresented by the supplier, distributor, or manufacturer. Forms of misrepresentation include, but are not limited to, the following:

- falsified product sources (counterfeits);
 - falsified or modified quality assurance records;
 - false marking as to class, type, or grade;
 - mixing of unmarked materials with marked materials;
 - false labeling as to qualification or acceptance by testing/certifying organizations; and
 - used and/or refurbished products misrepresented as new products.
- Types of materials, parts, and components known to have been misrepresented include, but are not limited to:
- Lifting materials such as slings, hooks, cables, and shackles;
 - Threaded fasteners fraudulently marked as high-strength bolts;
 - Refurbished electrical circuit breakers sold under false certifications;
 - Valves;
 - Piping and piping components;
 - Electrical devices;
 - Channel members, plate, bar, and flanges;
 - And other structural items.

BNL S/CI Procurement

Process Improvements – T&Cs



cont'd

See the BNL **Suspect / Counterfeit Items** Subject Area Exhibits for more information on identifying suspect/counterfeit items.

S/CIs may pose immediate and potential threats to the safety of DOE and contractor workers, the public, and the environment. Failure of a safety or mission critical system due to an S/CI could also have security implications at DOE facilities.

Items furnished to Brookhaven under this Agreement shall not include suspect/counterfeit parts nor shall such parts be used in performing any work under this Agreement whether on or off the Laboratory site.

If suspect/counterfeit parts are furnished under this Agreement and are found on the Laboratory site, such parts shall be impounded by Brookhaven or they shall be removed by the Contractor as directed by Brookhaven. The Contractor shall promptly replace such parts with supplies acceptable to Brookhaven and the Contractor shall be liable for all costs relating to impoundment, removal, and replacement. Brookhaven may turn such parts over to the U.S. Office of the Inspector General for investigation and reserves the right to withhold payment pending the outcome of any investigation.

The rights of Brookhaven in this clause are in addition to any other rights provided by law or under this Agreement.

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U.S. Department of Energy

