

ATTACHMENT ONE
STATUS OF TEMPERFORM INVESTIGATION AT
DEFENSE NUCLEAR FACILITIES

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Background

In June 2002 the Government – Industry Data Exchange Program (GIDEP) issued an Agency Action Notice regarding the improper heat treating of aluminum parts by Temperform USA. The notice indicated that Temperform USA allegedly provided false certifications of heat treating processes and quality inspections from 1998 to at least 2000 on numerous Department of Defense (DoD) programs. Although the notice was directed primarily at DoD, NASA, and commercial prime contractors involved with aviation and aeronautical programs, the notice did recommend that other organizations “...review all orders or procurements associated to aluminum alloy parts, (especially parts identified as “flight safety critical”) for possible impact....”

In response to that GIDEP Notice, the DOE Quality Assurance Working Group (QAWG) sent an email to its members in July 2002 requesting information to determine if any weapons systems, support devices, or any other programs had parts or raw material that may have been heat treated, supplied, or tested by Temperform USA. A follow-on email was sent to QAWG members in December 2002 to provide additional information and to clarify the request.

In February 2003 the Defense Nuclear Facilities Safety Board (Board) sent a letter to the Secretary of Energy indicating its concerns with the Department’s progress in addressing the Temperform USA issue. The letter requested a report that documented the implementation of the complete set of actions required to verify that no aluminum parts heat treated by Temperform USA are in use in safety-related or mission-sensitive applications.

Although the QAWG had collected a substantial amount of information, it was not clear that the investigation results were adequate or consistent or that they would support an adequate response to the Board’s request. On February 11, 2003, the Assistant Secretary for Environmental Management (EM) provided clarification in a memorandum to EM sites on the information needed to complete the investigation.

On March 18, 2003, the Assistant Secretary for Environment, Safety and Health (EH) sent a memorandum to EM and the National Nuclear Security Administration (NNSA) requesting that they verify completion of their inquiries into possible use of items heat-treated by Temperform USA. The EH memorandum included lines of inquiry that expanded upon those previously developed by EM. The Defense Criminal Investigative Service gave the Department permission to release to Department contractors the affected part numbers and the identity of the companies that sent parts to Temperform USA. That list of the companies who had parts processed at Temperform USA or who approved Temperform USA as a vendor was included with the EH and EM memorandums. The part number list (a 1,200 plus page document) was made available to EM and NNSA to support their investigation.

EM and NNSA completed their investigations and submitted the results of their reviews to the Office of Environment, Safety and Health. A corporate review of the reports was completed by EH to determine if there were any issues requiring further corporate attention. That corporate review supported the EM and NNSA conclusions that no heat-treated aluminum materials/parts, components, or equipment supplied by Temperform USA are in safety-related or mission-critical applications at defense nuclear facilities. No new issues requiring corporate action were identified.

Summary of the Results of Temperform USA Investigations

Environmental Management

In February 2003, the Assistant Secretary for Environmental Management (EM) initiated an investigation into the use of improperly heat-treated aluminum by Temperform USA. The investigation covered all EM field organizations and/or activities. Formal responses were received from the seven field elements that EM serves as the Lead Program Secretarial Officer (LPSO). Field elements where EM is not the LPSO chose to submit formal responses to their respective LPSO.

The investigation covered a comprehensive and thorough review of contractors, suppliers, and subcontractors procurement activities from May 1998 to present and included a review for materials/parts, components, or equipment heat-treated, supplied, or tested by Temperform USA or Temperform USA vendors in safety-related or mission sensitive applications. The investigation also included a review for Temperform USA materials/parts, components, or equipment used in non-safety-related applications. None of the EM sites' investigations reported placing contracts with Temperform USA or Temperform USA vendors for heat-treated aluminum materials/parts, components, or equipment.

EM Headquarters (HQ) performed a review of the field elements' responses to the use of improperly heat-treated aluminum by Temperform USA in safety-related or mission sensitive applications. The review confirmed that the EM field elements investigations covered the time frame from May 1998 to the present; included a review of materials/parts, components and equipment, not just raw materials; and a review of contractors, suppliers, and subcontractors procurement records.

Each field element identified a cost associated with the investigation or claimed no cost due to the insignificant amount of resources to perform the investigation. Suspect/counterfeit items were reflected as a part of each sites' training activities in accordance with DOE 0 440.1 A, *Worker Protection Management for DOE and Federal Contractor Employees*.

EM HQ staff were involved and had numerous discussions with field element personnel regarding the results of the investigations to re-affirm that the investigations covered the time frame from May 1998 to the present and included a review of materials/parts, components and equipment, not just raw materials. Further, discussions with the Office of the Inspector General (IG) noted that only 7 percent of the aluminum parts tested by the Air

Force were found to be defective. This gives support that while not all Temperform USA materials/parts produced after May 1998 were defective, all materials/parts, components, and equipment produced or tested by Temperform USA or Temperform USA vendors after May 1998 should be classified as suspect. EM HQ staff also ensured that all EM field organizations responded to the investigation through their appropriate LPSO.

The investigation focused on safety-related and mission-sensitive application, but also covered non-safety-related applications. The investigation concluded that EM, including its contractors, suppliers and subcontractors have not procured and/or used heat-treated aluminum materials/parts, components, or equipment supplied by Temperform USA or Temperform USA vendors.

The result of the investigations, based on the detailed responses provided by the Site Offices, is summarized below. The specific reports are included as appendices to this report. EM staff is available to discuss the results of the review with Board staff upon request.

EM SITES	Temperform or Temperform Vendor?	Safety-Related or Mission Sensitive?	Disposition
Carlsbad Field Office	No	No	Not Applicable
Idaho	No	No	Not Applicable
Ohio	No	No	Not Applicable
Oak Ridge	No	No	Not Applicable
Office of River Protection	No	No	Not Applicable
Rocky Flats	No	No	Not Applicable
Richland	No	No	Not Applicable
Savannah River	No	No	Not Applicable

National Nuclear Security Administration

In a memorandum dated April 4, 2003, Dr. Everet H. Beckner, Deputy Administrator for Defense Programs and C.S. Przybylek, Chief Operating Officer requested their NNSA Site Managers to investigate whether aluminum parts supplied by Temperform USA were in use in safety or mission sensitive applications. The investigations were to be conducted based on the lines of inquiry issued with that memorandum and the results reported within 30 days.

The investigations identified some materials and parts procured from Temperform or vendors (see Attachment 4 of Appendix Two). However, the investigations confirmed that these materials/parts were not used in any safety-related or mission-sensitive application at any site.

The result of the investigations, based on the detailed responses provided by the Site Offices, is summarized below. The specific reports are included as appendices to this report. NNSA staff is available to discuss the results of the review with Board staff upon request.

NNSA SITES	Temperform or Temperform Vendor?	Safety-Related or Mission Sensitive?	Disposition
SSO/SNL	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.
PXSO/BWXT	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.
SRSO/WSRC	No	Not Applicable	Not Applicable
LASO/LANL	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.
YSO/BWXT	No	Not Applicable	Not Applicable
LSO/LLNL	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.
KCSO/ Honeywell	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.
Nevada Test Site	Yes	No	Action Completed - Records reviewed. Verified no safety system or mission sensitive application.