

ATTACHMENT TWO

SUSPECT/COUNTERFEIT ITEMS (S/CI)
PROCESS IMPROVEMENTS

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As pointed out in the Board's letters to the Secretary, the Department's process for dealing with S/CI issues had several flaws. Some of those flaws were inherent in the process, and some were related to failing to implement the process as designed. Although the Quality Assurance Working Group (QAWG) had completed a "lessons learned" study from a previous S/CI incident related to Solid State Devices Inc. (SSDI), some of the failures indicated in that study reoccurred with the Temperform USA S/CI issue.

The Department of Energy is committed to establishing and implementing a process to ensure that S/CI are quickly identified and that items and components installed in safety-related or mission-sensitive applications affecting defense nuclear facilities meet the intended function and operability requirements. In making revisions to the S/CI process, the Department considered the recent experience investigating Temperform USA, reviewed the QAWG lessons learned document from the SSDI incident, and also the *Report of the Senior Managers' Task Group to Resolve Outstanding Issues Concerning Suspect/Counterfeit Items in Response to Inspector General Report DOE/IG-0340*.

There are several differences in this improved process that will ensure that problems previously identified will not occur again. The Office of Environment, Safety and Health (EH) has taken a corporate leadership role and is accountable for ensuring the effective implementation of this process, rather than a Department-wide committee (i.e., the QAWG). Weekly review meetings are conducted by the EH Operating Experience Group to ensure the timely consideration of issues. S/CI incidents determined to be significant will be dealt with immediately by the Assistant Secretaries or Deputy Administrator level rather than by staff. EH, with support from the Office of General Counsel (GC) and IG, will ensure that sensitive or "Official Use Only" information is handled properly and that Headquarters and field organizations get all relevant information in a timely manner to ensure an effective investigation. The results of investigations of significant S/CI issues will be consolidated, reviewed, evaluated, and documented by EH. To ensure that these actions appropriately incorporate the previous lessons learned, EH will conduct periodic self-assessments of the new process for feedback and improvement. Additionally, EH will continue to review and seek improvements in the process used to collect and distribute potential S/CI related information across the Department. An example of this is the modification to the Office of Performance Assessments and Analysis (EH-3) website to include S/CI information and links to other related websites.

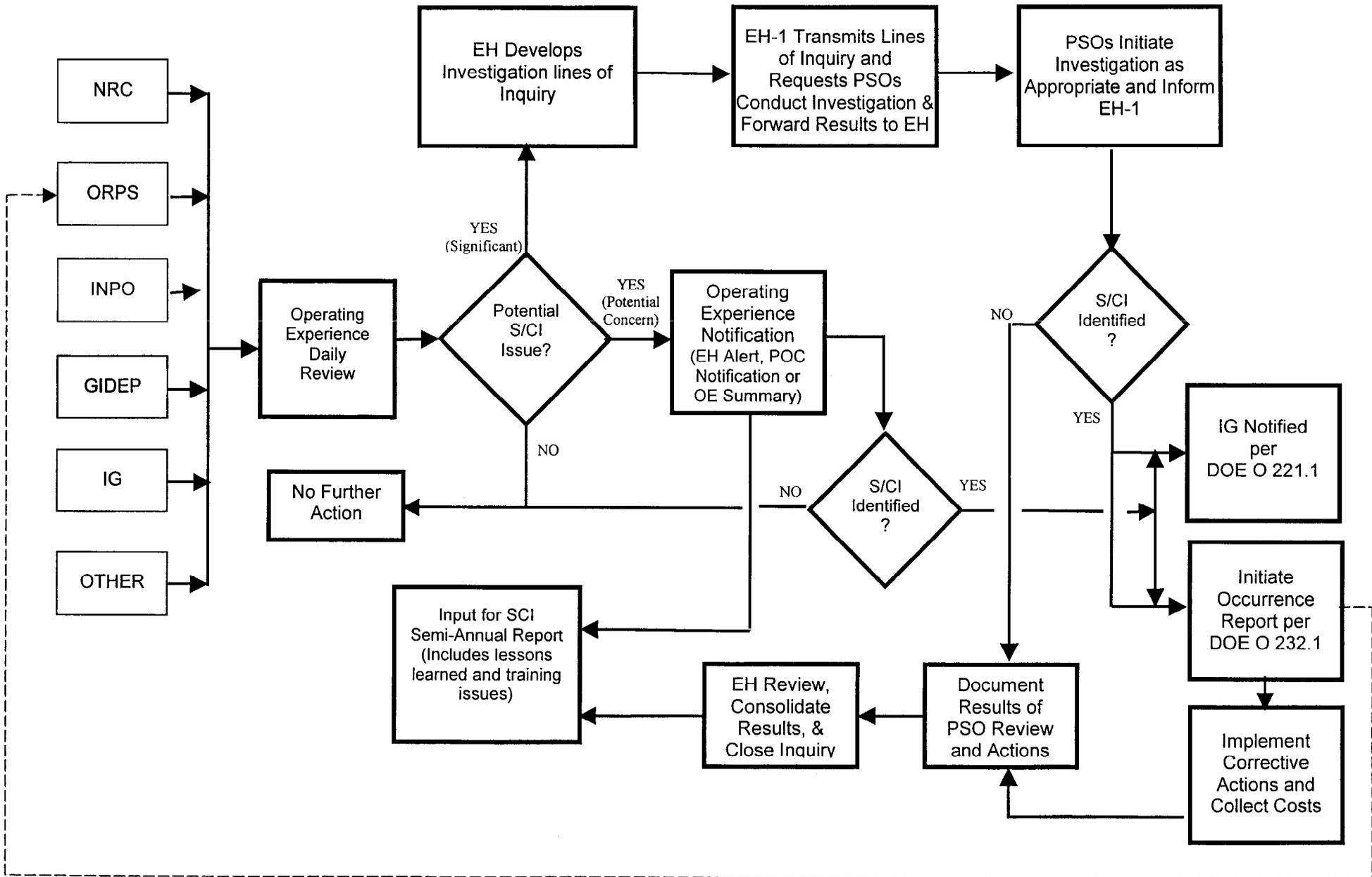
The process associated with the identification and elimination of S/CI is described in the flow chart and description following the list of commitments below.

Action/Commitment	Due Date	Status
EH has responsibility to collect and screen sources of information to identify potential S/CI areas of concern.	May 2003	This action has been implemented

Action/Commitment	Due Date	Status
<p>To ensure that prompt actions are taken for matters of a high priority, such as the current issue associated with Temperform USA, EH will develop lines of inquiry for the investigation. The Assistant Secretary for Environment, Safety and Health will send a memorandum to the applicable Program Secretarial Officers (PSOs) requesting action in accordance with those lines of inquiry. The PSOs will conduct investigations, take appropriate actions if S/CI are identified, and will document the results of their reviews. EH will review the PSO responses for completeness and closeout the investigation as appropriate.</p>	<p>May 2003</p>	<p>This action has been implemented.</p>
<p>S/CI matters that are not designated as a high priority but of concern to individual organizations will be sent out for information using the Department's Operating Experience Program.</p>	<p>May 2003</p>	<p>This action has been implemented</p>
<p>EH will continue to develop a Semi-Annual S/CI report that documents actions taken as a result of potential S/CI issues. This includes both high priority matters and those matters sent out for information by EH-3. The report will also include a "lessons learned" section and also identify potential S/CI training issues.</p>	<p>August 2003</p>	<p>The first Semi-Annual S/CI Report developed by EH will cover the first half of calendar year 2003 and will be issued no later than August 2003</p>
<p>EH will develop an internal process guide and checklists to initiate the process within EH and to provide criteria to assist the OE Group in identifying and dispositioning potential S/CI issues. These documents will be used as "working drafts" until the directives related to S/CI are approved.</p>	<p>June 2003</p>	<p>This action has been implemented</p>
<p>EH-3 will receive S/CI training as part of their professional development and Office-specific qualifications will be established that include the S/CI process.</p>	<p>July 2003</p>	<p>The S/CI training has been completed. The Office-specific qualification requirements are being identified.</p>
<p>The Office of Independent Oversight and Performance Assurance (OA) will conduct a review of the S/CI processes across the Department.</p>	<p>August 2003</p>	<p>This independent review is currently underway.</p>

Action/Commitment	Due Date	Status
<p>EH will review the results of the OA review, perform a causal analysis of the S/CI process and Temperform issues, and implement corrective actions as appropriate. Additionally, EH will conduct routine self-assessment to continuously improve the S/CI process.</p>	<p>December 2003</p>	<p>Awaiting results of the OA review and the implementation of the new SCI process.</p>
<p>Directives will be revised to reflect the process and the roles and responsibilities of EH and other organizations. It is anticipated the DOE O 414.1, DOE G 414.1, DOE O 440.1A, and DOE G 440.1-6 will be revised to consolidate the S/CI process and requirements. The EH internal process guide and checklists will be finalized and approved based on the approved directives.</p>	<p>November 2003</p>	<p>The directives are currently being reviewed to identify needed revisions.</p>

Suspect/Counterfeit Item Process Flow Chart



Suspect/Counterfeit Item Process Flow Chart Description

The following is a brief description of the S/CI process flow chart. A more detailed explanation of the entire process will be provided in the *Office of Environment, Safety and Health Process Guide for the Identification and Disposition of Suspect/Counterfeit Items at Department of Energy Facilities*.

Operating Experience Daily Review – On a routine basis, the Office of Corporate Performance Assessment (EH-3) reviews and screens various sources of information for potential impact to the Department. This includes reviewing for potential S/CI issues. The sources of information include:

- Nuclear Regulatory Commission (NRC) – this includes Information Notices, Regulatory Issue Summaries and specific reports.
- Occurrence Reporting System (ORPS) – this includes a review of all events posted on the ORPS system
- Institute for Nuclear Power Operation (INPO) – this includes a review of information in the Nuclear Network Technical Exchange
- Government – Industry Data Exchange Program (GIDEP) – this includes a review of related information posted in the GIDEP
- Inspector General (IG) – this includes events that the IG may be made aware of because of criminal or civil investigations that are underway.
- Other

Potential S/CI Issue? –Those SCI issues that are determined to affect more than one Program Secretarial Officer (PSO) and/or be of significant concern will be elevated to EH-1. Other items of potential concern will be documented through the Operating Experience program for review by field and Headquarters (HQ) points of contact. An EH Alert may also be issued as a way of notifying potentially affected organizations and to provide guidance and/or recommendations to deal with the potential issue. If EH-3 determines that the issue does not impact the Department then no further action is taken.

Screening criteria and checklists are being established to assist EH-3 in making this determination. They may also obtain advice and assistance from other subject matter experts in the Department to assist them in making this determination. Additionally, training on S/CI will be provided as necessary to EH-3 to provide them with the necessary background to make these determinations.

Operating Experience Notification (EH Alert, POC Notification or OE Summary) – The EH OE Group will analyze the potential S/CI issue and document their results using a Data Collection Sheet (DCS). This analysis will include a description of the issue and may include the potential impact on DOE facilities. Depending on the results of that analysis, the information may be provided to the DOE complex using one of several methods. An EH Alert may be issued, a notification may be sent to specific points of contact in the field or at Headquarters, or an article in the OE Summary may be written. Regardless of how the information is provided, field and HQ organization will review the information for potential applicability at their specific

location. If a field or HQ organization identifies an S/CI issue, an Occurrence Report will be initiated by the organization discovering the S/CI and the IG will be notified. The Occurrence Report will be reviewed by the OE Group as part of their daily review. If the OE Group determines that the issue is crosscutting and/or of significant concern, it will be elevated to EH-1.

EH Develops Investigation Lines of Inquiry – Those items that are determined to be crosscutting and/or of significant concern are elevated to EH-1. A support group will be convened as necessary with applicable representatives from the line, GC and IG. The GC and the IG representatives in the group will assist in dealing with sensitive or “Official Use Only” information related to ongoing investigations. This support group will assist EH in developing lines of inquiry to investigate and disposition the S/CI issue. Members of the support group will be designated by their management and will have the means and authority to act on behalf of the organization. Support groups will be formed on an ad hoc basis and may consist of representatives from organizations such as:

- Environment, Safety and Health (EH) - Lead
- Inspector General (IG)
- General Counsel (GC)
- Environmental Management (EM)
- National Nuclear Security Administration (NA)
- Office of Science (SC)
- Fossil Energy (FE)
- Nuclear Energy (NE)

EH-1 Transmits Lines of Inquiry and Requests PSOs Conduct Investigation – EH-1 will send a memorandum to the applicable PSOs describing the issue and requesting an investigation in accordance with the lines of inquiry. This memorandum will also include a request to respond to EH-1 with a plan, schedule for completing the investigation, the results of the investigation and the PSO evaluation of the results.

PSOs Initiate Investigation – PSOs will direct their field organizations to conduct an investigation of the S/CI issue, as they deem necessary. They will inform EH-1 of their schedule and activities in this area.

Document Results of PSO Review and Actions – PSOs will evaluate and document the results of their investigation whether an S/CI is identified or not. If S/CI is identified, an Occurrence Report is initiated and the IG is notified per the requirements dictated in the Departments directives. The PSOs also initiate the appropriate corrective measures to remedy the S/CI issue and collect the cost associated with this effort. The documented results of the investigation, including any corrective action, are forwarded to EH-1 for information.

EH Review, Consolidate Results, and Close Inquiry – EH will consolidate the results of the PSO reports and review them for completeness. They may make recommendations to the PSOs regarding the report results. EH will forward consolidated information such as cost data and other information to the IG or other organizations as appropriate to closeout the investigation.

S/CI Semi-Annual Report – EH will continue to develop a Semi-Annual S/CI Report that documents potential S/CI identified and their disposition. It will also provide for lessons learned and indicate any potential training issues. The Report will indicate the current status of the S/CI program and any recommendations for improvements and/or corrective actions taken.