



OPERATING EXPERIENCE SUMMARY



U.S. Department of Energy
Office of Health, Safety and Security
OE Summary 2010-02
March 11, 2010

INSIDE THIS ISSUE

- Haste Makes Waste —
Procurement Gone Wrong 1





Haste Makes Waste – Procurement Gone Wrong

1

On August 12, 2009, at Los Alamos National Laboratory (LANL), a facility operations director learned that incorrect parts for the fire alarm system had been delivered to the facility. Instead of the requested parts (fire pull stations), fire alarm control panels were ordered from the vendor, processed through the procurement group, and accepted by the receipt inspection group upon delivery to the site. (ORPS Report NA--LASO-LANL-CMR-2009-0009; final report issued January 21, 2010)

The LANL procurement cycle, from initiation of procurement through receipt inspection and delivery, normally takes 10 days. Procuring and delivering the parts needed for the fire alarm system needed to be completed within 7 days, so obtaining the fire protection pull stations was categorized as a Priority 1 (“rush status”). The Priority 1 category resulted in all of the steps leading to procurement of the pull stations being accomplished within 1 day.

The requestor learned that the preferred vendor for the parts (original supplier of the fire alarm system) was no longer on the supplier list, so he contacted another recommended vendor, confirmed they could supply the parts as an overnight order, and received a quote. In addition, the requestor generated a bill of materials in the Work Management System database. As can be seen in Table 1-1, the vendor quote did not match the correct bill of materials.

Once the vendor quote was received and bill of materials prepared, time constraints began to impact the procurement process. The requestor was the first to review and approve the procurement package. He told investigators that he saw that the model number was correct on the bill of materials, but did not notice that the supplier of the parts shown was not the manufacturer originally identified in the quote or that the part description was “fire alarm control panel,” instead of the requested “fire alarm pull station.” He also said that normally he would have followed up with a phone call and confirmation e-mail to the vendor that re-iterated the order specifications, but because of the urgent need for the parts he did not.

The discrepancies also went unnoticed during reviews performed by the Quality Assurance Subject Matter Expert (QASME), the Designated Procurement Representative (DPR), and the Buyer, all of whom stated that they performed limited reviews due to schedule pressures, relying on the initial review by the requestor.

	Vendor Quote	Bill of Materials
Manufacturer	Firelite	FCI
Model Number	MS-2 (correct number is MS-2E)	FCI MS-2
Item Description	Fire Alarm Control Panel	Fire Alarm Pull Station, Dual Action
Part Number	Not listed	FCI part #100-0615

Table 1-1. Comparison of the vendor quote to the bill of materials



The procurement process not only set in motion receipt of the wrong parts, but also resulted in a breakdown of the receipt inspection process. On the morning that the parts arrived at the receiving dock, the DPR sent an email to the Receipt Inspector asking for a priority receipt inspection because of the urgent need for the parts to be delivered to the facility. Included in the email was a Certificate of Conformance and tear sheets provided by the vendor. In an effort to facilitate inspection and delivery, the DPR did not cross-check the information on the documents and assumed that the description on both the certificate and the tear sheets was correct. However, the two discrepancies (i.e., manufacturer and part description) remained.

Receipt inspectors are to verify the following six items: Certificate of Conformance, damage, material description, part number, quantity, and vendor. When an inspector identifies a discrepancy, the process is to contact procurement staff, notify them of the discrepancy, and resolve the issue. In this case, however, despite noticing the discrepancies, the inspector decided he could accept the delivery without contacting the DPR because the parts were urgently needed. He entered the inspection data into the e-Procurement system, where the items were accepted and approved for delivery.

As a result of the expedited procurement, all of the steps, including delivery of the parts, were completed within the required 7 days. Unfortunately, when the parts arrived at the facility and were found to be unusable, they had to be returned to the vendor. The correct parts arrived approximately 6 weeks later.

Problems in the procurement process that led to delivery of the incorrect parts included the following.

- Neither the requestor nor the QASME, both of whom had responsibility for an in-depth review and approval of the procurement paperwork, noticed that the procurement specifications listed in the paperwork were incorrect. The requestor had two review opportunities before proceeding to the next step in the process, but still did not notice the errors.
- There was an assumption that the procurement package was accurate based on the requestor's review since he was the technical expert. This assumption carried through each step of the process through receipt inspection. The QASME, DPR, Buyer, and Receipt Inspector all deferred to the technical knowledge of the requestor and assumed he had performed an in-depth review. Thus, they incorrectly assumed that the technical aspects of the package were correct and did not follow procedures (i.e., perform their own in-depth reviews of the package).
- Emphasis on quickly procuring the parts using the Priority 1 procurement status created a heightened perception of urgency that resulted in steps that normally occurred being omitted.

Assumptions, coupled with schedule pressures, often lead to errors such as occurred in this event. The emphasis on schedule replaced the emphasis on doing the task properly. Had each of



the reviewers involved in the purchasing task followed normal procedures when performing his/her task, the correct parts would have been ordered. Instead, in an effort to “rush” the process, the needed parts were delayed by nearly 6 weeks.

The following lessons learned identified by the facility provide good recommendations to follow. Personnel must stay focused at all times on the tasks being performed, paying special attention that the work is being performed per applicable policies and/or procedure. Personnel should utilize Human Performance Improvement (HPI) tools (e.g., self checking, procedural compliance, attention to detail, etc.) as part of their daily activities to identify and resolve issues.

KEYWORDS: Procurement errors, receipt inspection, incorrect parts, fire alarm pull station, fire alarm control panel

ISM CORE FUNCTION: Perform Work within Controls



The Office of Health, Safety and Security (HSS), Office of Analysis publishes the *Operating Experience Summary* to promote safety throughout the Department of Energy (DOE) complex by encouraging the exchange of lessons-learned information among DOE facilities.

To issue the Summary in a timely manner, HSS relies on preliminary information such as daily operations reports, notification reports, and conversations with cognizant facility or DOE field office staff. If you have additional pertinent information or identify inaccurate statements in the Summary, please bring this to the attention of Mr. William Roege, (301) 903-8008, or e-mail address William.Roege@hq.doe.gov, so we may issue a correction. If you have difficulty accessing the Summary on the Web (<http://www.hss.energy.gov/csa/analysis/oesummary/index.html>), please contact the Information Center, (800) 473-4375, for assistance. We would like to hear from you regarding how we can make our products better and more useful. Please forward any comments to Mr. Roege at the e-mail address above.

The process for receiving e-mail notification when a new edition of the Summary is published is simple and fast. New subscribers can sign up at the Document Notification Service web page: <http://www.hss.energy.gov/InfoMgt/dns/hssdnl.html>. If you have any questions or problems signing up for the e-mail notification, please contact Mr. William Roege by telephone at (301) 903-8008 or by e-mail at William.Roege@hq.doe.gov.