Review of Tool Controls at Paradise Fossil Plant

2007-10983

June 29, 2007

Summary

Our objective was to assess the procedures and key control activities used to track and account for tools at the Paradise Fossil Plant (PAF).

Our review of PAF tool controls found:

◆ No policies or procedures exist for tools at PAF.

◆ Tools can be ordered without management approval.

◆ Controls in the PAF and contractor[1] tool rooms are inadequate to properly track and account for tools.

[1] [Redacted]

Background

◆ The Office of the Inspector General was requested by the vice president, PAF, to review tool procurement and accountability processes and procedures.

◆ According to plant personnel, PAF tool expenditures have exceeded the annual budget. For two of the primary supply vendors [Redacted], documentation showed that:

   – Total expenditures for all goods purchased in fiscal year (FY) 2006 totaled about $798,000.

     ◆ Fossil Power Group (FPG) estimated that about $426,000 of these purchases were for tools.

   – Total expenditures for all goods purchased through April of FY 2007 totaled about $552,000.

     ◆ FPG estimated that about $300,000 of these purchases were for tools.

Background (continued)

◆ TVA currently supplies tools at PAF for (1) the annual employee tool room and (2) the [Redacted] tool room.
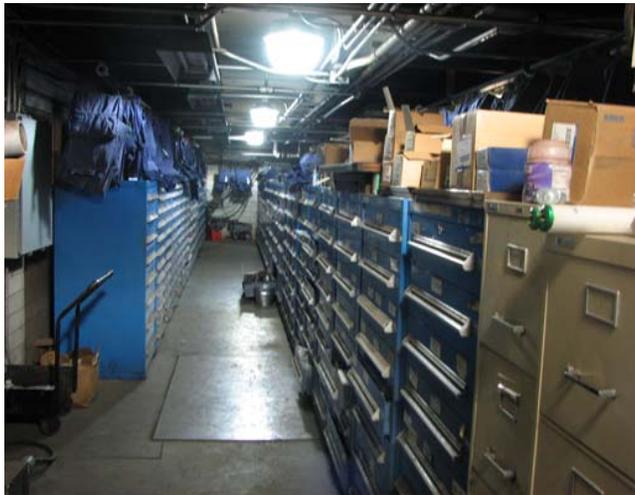
Annual Tool Room

[Redacted] Tool Room

◆ PAF acquires tools by (1) leasing available tools from TVA's Heavy Equipment Division (HED) or (2) purchasing tools from an outside vendor.

Objective and Scope

Objective:

◆ Assess the procedures and key control activities used to track and account for tools at PAF.

Scope:

◆ Controls related to tools procured by the site and contractors at PAF.

Methodology

To achieve our objective, we:

◆ Interviewed PAF site personnel, including Procurement and contractor personnel, to (1) identify procedures and key control activities utilized in the procurement of PAF tools and (2) ascertain the effectiveness of these controls.

◆ Conducted walkthroughs with PAF tools management personnel to:

– Identify tool issue and management practices.

– Identify and assess potential control gaps.

◆ Reviewed PassPort, Enterprise Maintenance Planning & Control system (EMPAC), accounting, and other documentation to:

– Attempt to gain a perspective on the potential amount spent on tools from October 1, 2005, to March 31, 2007.

– Verify process owners' observations.

This inspection was conducted in accordance with the "Quality Standards for Inspections."

Finding 1 – Policies and Procedures

We found no policies or procedures governing the tool process at PAF. Specifically, no policies and/or procedures address:

- Accounting for and/or tracking of tools.
- Tool room inventory.
  - To include cycle counts of tools.
- Tool issue limits and/or tool accountability.
- Disciplinary actions for consistently damaged or unreturned tools.

Finding 2 – Tool Procurement Process

Tools can be ordered without management approval.

◆ During our review, we found tools may be ordered through EMPAC by two methods.

– Purchase Order—Requires approval from management prior to being sent to Procurement for processing.

– Catalog Identification Number (CAT IDs)—Order is generated and materials request is sent to Procurement for processing without management approval. TVA management receives report of items purchased after they have been ordered.

◆ According to PAF personnel, purchase orders are to be utilized for the procurement of tools. Specifically:

1. Tool orders are to be initiated by a purchase order in the EMPAC system.

2. Purchase order is electronically forwarded to the appropriate level of management for approval.

3. The purchase order is electronically sent to Procurement for processing.

4. Tool is shipped to location denoted on purchase order.

(Additional Information: [Redacted] purchase orders are written orders which are given to the [Redacted] site manager for approval. Approved purchase orders are electronically entered into EMPAC by [Redacted] administrative personnel, electronically approved by management, and electronically sent to Procurement for processing.)

Finding 2 – Tool Procurement Process (continued)

◆ We found tools have been ordered utilizing CAT IDs without management approval.

  – According to PAF personnel, coordinators; supervisors; foremen; and operations personnel have access to EMPAC.

  – Any item in EMPAC having a CAT ID may be ordered without management approval.

As a result, PAF management:

  – May not be aware of these purchases until after the tools have been ordered.

  – Cannot ensure proper spending on all tool purchases at the plant.

  – Cannot properly budget for tool expenditures on a yearly basis.

Finding 3 – Tracking and Accountability

Tool issues are only documented by written notes to (1) preprinted blank issue forms by TVA tool room personnel and (2) steno pads by [Redacted] personnel. PAF tool room personnel attempt to document tool returns by crossing-out the written notes. [Redacted] does not attempt to account for returns. Additionally:

- ◆ During our review of the TVA annual employee tool room, we found:
    - Tools are not uniquely identified.
    - No tool room inventory exists.
    - Tool issue limits do not exist. Even though:
        - ◆ Tools noted as unreturned are sometimes brought to the attention of that individual's supervisor.
    - Tool room is not staffed 24 hours a day.
        - ◆ According to PAF personnel, the tool room door is sometimes found propped open after non-staffed hours.
        - ◆ Tools taken when the tool room is not staffed may not be documented (logged out) or tracked. Foremen and supervisors who have access to the tool room are supposed to make the written account of the tool issuance.
- ◆ Site departure procedures (i.e., proximity card), limited security, and unmanned gates increase the risk of tool theft.

Finding 3 – Tracking and Accountability (continued)

◆ During our review of the [Redacted] tool room, we found no tracking or accountability for tools issued. Specifically, we found:

– Tool room is (1) staffed for 20 hours a day and is locked the remaining 4 hours during outages and (2) staffed during the day shift only when not in outage.

– Tool issues are documented by writing them down on a steno pad, however, no record is kept of tool returns.

◆ Small hand tools such as wrenches, screwdrivers, pliers, socket sets, and hammers are considered "consumables" by [Redacted]. These tools are not expected to be returned to the tool room.

– Tools are not uniquely identified.

– No tool room inventory exists.

– Tool issue limits do not exist.

Recommendations

The vice president, PAF, should consider:

◆ Developing polices and procedures governing tool processes at PAF.

   – TVA Nuclear Business Practice 226, Tool and Equipment Accountability, may provide some guidance.

◆ Requiring that tool procurement at PAF be made through the use of purchase orders, and/or limit tool ordering access through EMPAC to select employees.

◆ Establishing a tools inventory and implement a means for tracking and accounting for tools in both the PAF annual tool room and the [Redacted] tool room. Specifically, we suggest PAF implementing a computer tracking system which will enhance accountability by providing automated reporting.

Additionally, PAF actions could include:

◆ Installing cameras in the tool rooms for coverage when tool rooms are not staffed.

◆ Employing an additional tool room attendant for the annual tool room.

◆ Painting tools a unique color.

◆ Putting unique identification numbers on larger tools such as welders and power tools.

◆ Installing security tags on tools where possible.

◆ Using vending machines which utilize badge bar codes for issuance of gloves, safety glasses, and ear plugs.