

ECIA

Publication

**AS6496 Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation,
and Disposition - Authorized/Franchised Distribution**

Training Documents

May 2016

Electronic Components Industry Association

Information Document

Counterfeit electronic parts continue to be a topic of concern within our industry. Although the authorized channel has proven to be the least likely source of counterfeit parts, the federal government along with standards organizations continue to create anti-counterfeiting requirements for which our industry must comply.

SAE standard AS6496 Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition - Authorized/Franchised Distribution.

This SAE Aerospace Standard (AS) identifies the requirements for mitigating counterfeit products in the Authorized Distribution supply chain by the Authorized Distributor.

This SAE Standard delineates practices to:

- a. procure Parts from authorized sources,
- b. provide authenticity and traceability of procured Parts,
- c. control Parts identified as counterfeit,
- d. report Counterfeit Parts as appropriate.
- e. minimize the risk of Counterfeit Parts entering the supply chain.

Although this standard might be most applicable to Quality Management System Elements, portions of this document affect many different parts of the distributor. There are two requirements of interest: Training and Audits.

3.7 Training

The Organization shall train applicable employees on counterfeit awareness including detection and mitigation as appropriate.

3.11 Audits

The Organization's internal audit program required by their QMS shall include periodic internal auditing to assess compliance to AS6496 requirements and shall be subject to third party QMS audits.

The Supply Chain Council of ECIA has produced this document to help authorized distributors meet the two requirements above.

TRAINING – Included are materials to “train” various parts of your company (Management, Finance, IT, Operations, Quality, Product Management/Supply Chain, and Sales). People need to know what the standard is, why it’s important, what is your company’s current situation with implementing, what sections are applicable to each internal organization, and if there are any required actions. Each of these training templates has an opportunity to include your own current situation. These then can be used at planned trainings or staff meetings.

AUDIT – There is a suggested audit checklist based on the AS6496 standard.

Training Templates

The included training templates are designed to help meet the company training requirement included in paragraph 3.7 of the AS6496 standard. These templates should make for a quick overview of the standard, why it's important, what sections might apply, and what actions may be needed. There is also a section for the company to include their current situation with adoption and compliance.

Please feel free to use these templates as would best meet your company needs. Also, feel free to use them within your own presentation or training templates.

SAE Standard AS6496 Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition - Authorized/Franchised Distribution

Management Summary

- What is it
 - There is a continuing risk of fraudulent /counterfeit electronic parts entering the aerospace supply chain. Authorized distribution has proven to be the least likely source. The AS6496 Standard was created to improve the awareness and effectiveness of the existing practices and procedures within the authorized distribution channel. The standard includes several requirements including the establishment of a Counterfeit Policy, Counterfeit Electronic Parts Control Plan, Purchasing Preferences, Traceability, Customer Returns, Scrap, Training, Audits, etc.
- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of non-conformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to Management?
 - 3.1 Counterfeit Mitigation Policy
 - 3.2 Counterfeit Electronic Parts Control Plan
 - 3.3.3 Distribution Agreements
 - 3.5.6 The Authorized Distributor's Certificate of Conformance
 - 3.6 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts
 - 3.6.1.1 Return Policy
 - 3.7 Training
 - 3.10 Reporting
 - 3.11 Audits
 - Required Action
 - Resource Allocation
 - Build awareness
 - Drive Adoption

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Financial

- What is it
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- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to Finance?
 - 3.7 Training
 - 3.11 Audits
 - Required Action
 - Budget for expenses as necessary

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IT

- What is it
 - There is a continuing risk of fraudulent /counterfeit electronic parts entering the aerospace supply chain. Authorized distribution has proven to be the least likely source. The AS6496 Standard was created to improve the awareness and effectiveness of the existing practices and procedures within the authorized distribution channel. The standard includes several requirements including the establishment of a Counterfeit Policy, Counterfeit Electronic Parts Control Plan, Purchasing Preferences, Traceability, Customer Returns, Scrap, Training, Audits, etc.
- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to IT?
 - 3.3.1 Disclosure of Non-Authorization
 - 3.5 Traceability, Record Retention and Retrievability
 - 3.5.1 Military Parts
 - 3.5.2 Commercial and Industrial Parts
 - 3.5.3 Commercial and Industrial Part Documentation
 - 3.5.4 Provision of Traceability
 - 3.5.5 Retention Period
 - 3.5.5.1
 - 3.5.5.2
 - 3.5.6 The Authorized Distributor's Certificate of Conformance
 - 3.6.5.2
 - 3.7 Training
 - 3.9 Inventory Control Plan
 - 3.9.1 Segregation of Product
 - 3.9.3 Traceability of Returned Parts
 - 3.10 Reporting
 - Required Action
 - Investigate software requirements

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Operations

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- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to Operations?
 - 3.5 Traceability, Record Retention and Retrievability
 - 3.5.1 Military Parts
 - 3.5.2 Commercial and Industrial Parts
 - 3.5.3 Commercial and Industrial Part Documentation
 - 3.5.4 Provision of Traceability
 - 3.5.5 Retention Period
 - 3.5.5.1
 - 3.5.5.2
 - 3.5.6 The Authorized Distributor's Certificate of Conformance
 - 3.6 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts
 - 3.6.1.1 Return Policy
 - 3.6.1.2 Return Verification
 - 3.6.2 Supplier Shipments
 - 3.6.3 Disposition of Parts Deemed Suspect, Fraudulent or Counterfeit
 - 3.6.4 Re-stocking Prohibition
 - 3.6.5 Packaging and Repackaging Parts Sold to Customers
 - 3.6.5.1
 - 3.6.5.2
 - 3.7 Training

- 3.8 Scrap Control in Authorized Distribution
 - 3.8.1 Scrap Records
 - 3.8.2 Outsourced Destruction of Scrap Parts
 - 3.8.3 Proper Destruction
- 3.9 Inventory Control Plan
 - 3.9.1 Segregation of Product
 - 3.9.2 Inventory Access
 - 3.9.3 Traceability of Returned Parts
- 3.10 Reporting
- 3.11 Audits
- Required Action
 - Address material handling and storage requirements
 - Budget for expenses as necessary

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Quality Management System

- What is it
 - There is a continuing risk of fraudulent /counterfeit electronic parts entering the aerospace supply chain. Authorized distribution has proven to be the least likely source. The AS6496 Standard was created to improve the awareness and effectiveness of the existing practices and procedures within the authorized distribution channel. The standard includes several requirements including the establishment of a Counterfeit Policy, Counterfeit Electronic Parts Control Plan, Purchasing Preferences, Traceability, Customer Returns, Scrap, Training, Audits, etc.
- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to the Quality Management System?
 - 3.1 Counterfeit Mitigation Policy
 - 3.2 Counterfeit Electronic Parts Control Plan
 - 3.3.2 Provision of Manufacturer's Warranty
 - 3.4.4 Counterfeit Electronic Part Control Plan Requirement
 - 3.5 Traceability, Record Retention and Retrievalability
 - 3.5.1 Military Parts
 - 3.5.2 Commercial and Industrial Parts
 - 3.5.3 Commercial and Industrial Part Documentation
 - 3.5.4 Provision of Traceability
 - 3.5.5 Retention Period
 - 3.5.5.1
 - 3.5.5.2
 - 3.5.6 The Authorized Distributor's Certificate of Conformance
 - 3.6 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts
 - 3.6.1.1 Return Policy
 - 3.6.1.2 Return Verification
 - 3.6.2 Supplier Shipments
 - 3.6.3 Disposition of Parts Deemed Suspect, Fraudulent or Counterfeit
 - 3.6.4 Re-stocking Prohibition

- 3.6.5.1
- 3.6.5.2
- 3.7 Training
- 3.8 Scrap Control in Authorized Distribution
- 3.8.1 Scrap Records
- 3.8.2 Outsourced Destruction of Scrap Parts
- 3.8.3 Proper Destruction
- 3.9 Inventory Control Plan
- 3.9.1 Segregation of Product
- 3.9.2 Inventory Access
- 3.9.3 Traceability of Returned Parts
- 3.10 Reporting
- 3.11 Audits
- Required Action
 - Reverse logistics
 - RMA, returns, claims, compensation, etc.
 - Audit the system for effectiveness

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Product Management / Supply Chain

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 - There is a continuing risk of fraudulent /counterfeit electronic parts entering the aerospace supply chain. Authorized distribution has proven to be the least likely source. The AS6496 Standard was created to improve the awareness and effectiveness of the existing practices and procedures within the authorized distribution channel. The standard includes several requirements including the establishment of a Counterfeit Policy, Counterfeit Electronic Parts Control Plan, Purchasing Preferences, Traceability, Customer Returns, Scrap, Training, Audits, etc.
- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to Product Management?
 - 3.3.1 Disclosure of Non-Authorization
 - 3.3.2 Provision of Manufacturer's Warranty
 - 3.3.3 Distribution Agreements
 - 3.4 Register of Suppliers
 - 3.4.1 Purchase Restriction
 - 3.4.2 Purchasing Preference
 - 3.4.3 Purchases Outside of a Distribution Agreement
 - 3.4.4 Counterfeit Electronic Part Control Plan Requirement
 - 3.5 Traceability, Record Retention and Retrievability
 - 3.5.1 Military Parts
 - 3.6 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts
 - 3.6.1.1 Return Policy
 - 3.6.3 Disposition of Parts Deemed Suspect, Fraudulent or Counterfeit
 - 3.6.4 Re-stocking Prohibition
 - 3.6.5.1
 - 3.7 Training
 - 3.8 Scrap Control in Authorized Distribution
 - 3.9 Inventory Control Plan
 - 3.9.1 Segregation of Product

- 3.10 Reporting
- 3.11 Audits
- Required Action
 - Purchasing and inventory requirements
 - Supplier management

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Sales

- What is it
 - There is a continuing risk of fraudulent /counterfeit electronic parts entering the aerospace supply chain. Authorized distribution has proven to be the least likely source. The AS6496 Standard was created to improve the awareness and effectiveness of the existing practices and procedures within the authorized distribution channel. The standard includes several requirements including the establishment of a Counterfeit Policy, Counterfeit Electronic Parts Control Plan, Purchasing Preferences, Traceability, Customer Returns, Scrap, Training, Audits, etc.
- Why important
 - Efficiency
 - Coordinated efforts supporting voice of customer requirements for counterfeit avoidance.
 - Cost avoidance
 - Loss of business
 - Counterfeit mitigation and/or remediation
 - Liability
 - Consequences of nonconformance / non-compliance
 - Lose the right to participate in the business
 - Supply chain is vulnerable to counterfeit infiltration
 - Damaged reputation and brand
 - What is our current situation (Type in your company's situation here)?
 - This requirement is being flowed down by customers.
 - Where is your company in this process?
 - What sections are important to Sales?
 - 3.3 Customer Related Processes
 - 3.3.1 Disclosure of Non-Authorization
 - 3.3.2 Provision of Manufacturer's Warranty
 - 3.4.3 Purchases Outside of a Distribution Agreement
 - 3.5.4 Provision of Traceability
 - 3.5.5.2
 - 3.6 Control of Suspect, Fraudulent and Confirmed Counterfeit Parts
 - 3.6.1 Customer Returns
 - 3.6.1.1 Return Policy
 - 3.6.5 Packaging and Repackaging Parts Sold to Customers
 - 3.7 Training
 - 3.11 Audits
 - Required Action
 - Understand and clearly convey customer requirements