

ECIA

Publication

ECIA Distributor Counterfeit Product Mitigation Internal Audit Checklist

Based on SAE's AS6496 - Fraudulent/Counterfeit Electronic Parts:
Avoidance, Detection, Mitigation, and Disposition – Authorized/Franchised
Distribution

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Purpose

Section 3.11 of AS6496 requires the Organization's internal audit program to include periodic auditing to assess compliance to AS6496 requirements and shall be subject to third party QMS audits. This checklist provides an Internal Audit tool for use by Manufacturer Authorized Distributors to verify that Counterfeit Product Mitigation requirements as defined in AS6496 are in place and effective.

Procedure

Internal audits should be conducted at prescribed intervals by qualified resources as defined in the organization's Internal Audit Program. Individuals performing audits shall have the authority to identify non-conformances and report to appropriate levels of executive management.

AS6496 Audit Checklist

COUNTERFEIT MITIGATION POLICY (3.1)

1. _____ Does the distributor have a Counterfeit Mitigation Policy?
2. _____ Does this policy intend to prevent the purchase, acceptance, and distribution of Fraudulent/Counterfeit parts?
3. _____ Does this policy include the organizations position on disposition and reporting of Parts determined to be suspect, fraudulent, and/or confirmed counterfeit.
4. _____ Is this policy communicated within the organization?
5. _____ Is this policy available to customers if requested?

COUNTERFEIT ELECTRONIC PARTS CONTROL PLAN (3.2)

6. _____ Does the distributor have a Counterfeit Electronic Parts Control Plan?
7. _____ Does the plan document the processes for risk mitigation, disposition, and reporting of suspected and confirmed counterfeit parts?
8. _____ Is the plan applied to all purchases or customer returns?
9. _____ Is there evidence the plan is effective?

DISCLOSURE OF NON-AUTHORIZED (3.3.1)

10. _____ Does the distributor notify the customer, at the time of quotation if it is not authorized for the items being quoted?
11. _____ Is the customer notified if the authorization is terminated prior to performance of the customer contract?

PROVISION OF MANUFACTURER'S WARRANTY (3.3.2)

12. ____ Does the full Manufacturer's warranty pass through to the customer?
13. ____ Is the list of suppliers available to customers by published line card or web site posting?

DISTRIBUTION AGREEMENT (3.3.3)

14. ____ Does the distributor have a written distribution agreement with each manufacturer?

REGISTER OF SUPPLIERS (3.4)

15. ____ Does the distributor maintain a register of suppliers?

PURCHASE RESTRICTIONS (3.4.1)

16. ____ Does the distributor purchase parts only from the manufacturer or the same manufacturer's authorized distributor?
17. ____ Does the distributor verify the authorization status through the manufacturer's website or directly with the manufacturer?
18. ____ Are purchases made through a master distributor verified through the manufacturer's website or directly with the manufacturer?

PURCHASING PREFERENCES (3.4.2)

19. ____ Do the distributor's processes specify a preference to purchase parts directly from the manufacturer?

PURCHASES OUTSIDE OF A DISTRIBUTION AGREEMENT (3.4.3)

20. ____ Does the distributor make sure they are not offering parts, purchased outside a distribution agreement, in a manner suggesting an authorization exists?

COUNTERFEIT ELECTRONIC PART CONTROL PLAN REQUIREMENTS (3.4.4)

21. ____ Does the distributor, when purchasing parts through another authorized distributor, confirm the distributor has a Counterfeit Electronic Part Control Plan?

TRACEABILITY, RECORD RETENTION, AND RETRIEVABILITY (3.5)

22. ____ Do the distributor's processes require retention of records which show supply chain traceability?
23. ____ Do these records provide traceability to the manufacturer or the manufacturer's authorized distributor?
24. ____ If provided by the manufacturer, does the distributor maintain the manufacturer's certificate of conformance.

MILITARY PARTS (3.5.1)

25. ____ Does the distributor deliver a copy of the manufacturer's certification and the distributor's certificate of conformance?

COMMERCIAL AND INDUSTRIAL PARTS (3.5.2)

26. _____ Does the distributor include a distributor certification or certificate of conformance with parts?

COMMERCIAL AND INDUSTRIAL PARTS DOCUMENTATION (3.5.3)

27. _____ Does the distributor maintain the manufacturer's documentation (certification/pack list) for a period noted in section 3.5.5?

PROVISION OF TRACEABILITY (3.5.4)

28. _____ Is the distributor able to provide, to the customer, the manufacturer's certification of conformance or pack list when requested?

RETENTION PERIOD (3.5.5)

29. _____ Does the distributor maintain applicable records of traceability for at least 3 years for commercial parts?
30. _____ Does the distributor maintain applicable records of traceability for the period specified per the applicable military specification for military grade devices?
31. _____ Are the records suitable in format, accuracy, and detail to permit analysis by the distributor's internal quality, manufacturer audit, and government organizations? (5.5.5.1)
32. _____ When required by customer contract to maintain records for longer periods, does the distributor maintain a system to retain and access the records? (3.5.5.2)

THE AUTHORIZED DISTRIBUTOR'S CERTIFICATE OF CONFORMANCE (3.5.6)

33. _____ Is the distributor's certificate of conformance provided with each order?
34. _____ Does the certificate of conformance confirm the organization is authorized, the parts were procured directly from the manufacturer or the manufacturer's authorized supplier, and documented evidence of traceability is on file?
35. _____ Is the distributor's certificate of conformance printed on the packing slip or provided as a supplementary document?
36. _____ Does the distributor's certificate of conformance include:
- a. _____ The name and address of both the distributor and the customer
 - b. _____ The manufacturer's name
 - c. _____ The manufacturer's part number
 - d. _____ The quantity
 - e. _____ The date code (if provided by the manufacturer and requested by the customer)
 - f. _____ The lot code (if provided by the manufacturer and requested by the customer)
 - g. _____ The customer purchase order number
 - h. _____ The ship date to customer
 - i. _____ The authorized distributor statement of conformance
 - j. _____ The signature of responsible party
 - k. _____ Country of origin
 - l. _____ The customer part number (if known and required)

CONTROL OF SUSPECT, FRAUDULENT, AND CONFIRMED COUNTERFEIT PARTS (3.6)

37. _____ Does the distributor's counterfeit control plan include a process to evaluate and minimize the risk associated with potential counterfeit products infiltrating into their inventory?

CUSTOMER RETURNS – RETURNS POLICY (3.6.1.1)

38. _____ Does the distributor have a policy on returns from the customer that is in accordance with the manufacturer's policy?
39. _____ Does the distributor issue an RMA to the customer?
40. _____ Does the RMA require the parts returned be the same parts purchased?
41. _____ If parts are returned that were not purchased through the distributor, are they segregated in inventory and sold as other than authorized product?
42. _____ Does the distributor consider parts returned from independent distributor or brokers as suspect parts?

RETURN VERIFICATION (3.6.1.2)

43. _____ Does the distributor's process provide for verification that parts returned were purchased directly from the distributor?
44. _____ Does the distributor validate the returned parts against their traceability records, including the date/lot code when available?
45. _____ Does the distributor dispose of the parts based on the determination of whether the parts are suspect if the date/lot codes don't match?
46. _____ Does the distributor inspect the returned parts for any evidence of alteration, mishandling, improper packaging, or repackaging?
47. _____ If the distributor chooses not to verify the returned part, do they make sure the parts are not restocked or returned to the supply chain?

SUPPLIER SHIPMENTS (3.6.2)

48. _____ Does the distributor, when receiving parts, verify they were shipped by the intended supplier?

DISPOSITION OF PARTS DEEMED SUSPECT, FRAUDULENT, OR COUNTERFEIT (3.6.3)

49. _____ Does the distributor quarantine suspect, fraudulent, or counterfeit parts in accordance with their documented policies and procedures?
50. _____ Are records of the dispositions maintained?
51. _____ The distributor does not return confirmed counterfeit parts to the customer?
52. _____ Does the distributor quarantine confirmed counterfeit parts for 5 years, or longer, if required by legal requirements?
53. _____ Does the distributor scrap the confirmed counterfeit parts per 3.8 after 5 years or when legal requirements allow?

RE-STOCKING PROHIBITION (3.6.4)

54. _____ Do the distributor's policies and procedures prohibit reintroducing suspect, fraudulent, or confirmed counterfeit parts into the supply chain by restocking into inventory or returning parts to the manufacturer in a stock rotation?
55. _____ Do the distributor's policies and procedures prohibit restocking product into its authorized inventory that was not purchased from the authorized distribution channel?

PACKAGING AND REPACKAGING PARTS SOLD TO CUSTOMERS (3.6.5)

56. _____ Does the distributor send parts in the manufacturers sealed packaging whenever possible? (3.6.5.1)
57. _____ If the manufacturer packaging cannot be sent, does the distributor repackage in accordance with the manufacturer requirements, customer requirements, and/or the distributor's quality management system? (3.6.5.2)
58. _____ Does the distributor, when repackaging, maintain traceability information on the repackaged material? (3.6.5.2)

TRAINING (3.7)

59. _____ Does the distributor train applicable employees on counterfeit awareness including detection and mitigation?

SCRAP CONTROL IN AUTHORIZED DISTRIBUTION (3.8)

60. _____ Does the distributor maintain scrap control in accordance with their QMS procedures and requirements in 3.8?

SCRAP RECORDS (3.8.1)

61. _____ Does the distributor keep records of scrapped parts for a minimum of 5 years or as required by contract?

OUTSOURCED DESTRUCTION OF SCRAP PARTS (3.8.2)

62. _____ If outsourcing destruction, does the distributor have control over the process and obtain a certificate of destruction from the sub-contractor?
63. _____ Is the certificate of destruction maintained for 5 years from the date of destruction?

INVENTORY CONTROL PLAN (3.9)

64. _____ Does the distributor have an inventory control system?
65. _____ Does the inventory control plan provide for traceability of customer returned parts?
66. _____ Does the distributor maintain the records in accordance with their retention policy?

SEGREGATION OF PRODUCT (3.9.1)

67. _____ Does the distributor's inventory control plan provide for segregation of authorized parts from unauthorized parts?

68. _____ Does the distributor have documented processes for segregating parts?

INVENTORY ACCESS (3.9.2)

69. _____ Does the distributor maintain its inventory in a secure area?

TRACEABILITY OF RETURNED PARTS (3.9.3)

70. _____ Does the distributor's inventory control system provide for traceability of customer returned parts?

71. _____ Are the records of returned parts maintained in accordance with the distributor's retention policy?

REPORTING (3.10)

72. _____ Do the distributor's processes assure that all occurrences of counterfeit parts are reported?

73. _____ Does external reporting include the manufacturer's responses if provided?

AUDITS (3.11)

74. _____ Does the distributor's internal audit program include assessing compliance to AS6496 and is the program subject to third party QMS audits?

75. _____ Is the anti-counterfeiting program reviewed at Quality Management System Reviews?

76. _____ Does the distributor have a process and a representative to monitor the industry for evidence of counterfeit part identifications through GIDEP (Government – Industry Data Exchange Program) or IPR Center (National Intellectual Property Rights Center)?