ISMS Training Document
Track 2, Activity 10 – September 2011
Contractor Oversight

Activity

Describe the programs and processes Oak Ridge Office (ORO) uses to oversee the contractors' work activities.

At the completion of this activity, fill out the Self-Certification Form certifying that you have read this activity sheet.

Note: When regulations, Department of Energy (DOE) directives, or other industry standards are referenced in this ISMS activity, please use the most recent version. In addition, please note that DOE Guides provide preferred, non-mandatory, supplemental information about acceptable methods for implementing requirements, including lessons learned, suggested practices, instructions, and suggested performance measures. Guides do not impose requirements but may quote requirements if the sources are adequately cited. Alternate methods may be used if it can be demonstrated that they provide an equivalent or better level of performance.

Key Documents

- 48 CFR, Federal Acquisition Regulations System, Chapter 9, Department of Energy, Part 970, *DOE Management and Operating Contracts*
- DOE G 120.1-5, *Guidelines for Performance Measurement*
- DOE O 210.2A, *DOE Corporate Operating Experience Program*
- DOE O 224.2A, *Auditing of Programs and Operations*
- DOE O 224.3, *Audit Resolution and Follow-up Program*
- DOE O 225.1B, *Accident Investigations*
- DOE O 226.1B, *Implementation of Department of Energy Oversight Policy*
- DOE O 414.1D, *Quality Assurance*
- DOE O 425.1D, *Verification of Readiness to Start Up or Restart Nuclear Facilities*
- DOE-STD-1070-94, *Guidelines for Evaluation of Nuclear Facility Training Programs*
- DOE-STD-3006-2010, *Planning and Conducting Readiness Reviews*
- DOE-STD-7501-99, *The DOE Corporate Lessons Learned Program*
- ORO Directives Management Group, Key Management Documents, http://www-internal.oro.doe.gov/dmg/oro_keymanagementdoc.htm
- ORO Office of Science Federal employees should also refer to the Office of Science Management System (SCMS): Environment, Safety, and Health, Subject Area: *Environment, Safety, and Health Oversight of Contractors*, http://scms.sc.doe.gov/
- SCMS "QA and Oversight" Procedures or other Oak Ridge Office documents

What's In It For Me

ORO's prime responsibility is the management of contracts under which government programs are executed and facilities are operated. ORO is responsible for ensuring that major missions are accomplished within acceptable cost, schedule, and quality parameters and for ensuring that facilities are operated and programs are carried out in a lawful, economical, efficient,

safe, and secure manner. ORO carries out these responsibilities through a variety of mechanisms including day-to-day interface with the contractors, formal assessments and annual performance evaluations.

The goal then of ORO's oversight is to promote safe practices and prevent accidents and near-misses. To this end, there are several attributes to ORO's oversight of the contractor activities from the perspective of ES&H that includes:

- Performance measurements
- For cause reviews
- Self-assessment
- Independent oversight
- External oversight (e.g., that oversight conducted by IG, GAO, and DNFSB)
- Readiness reviews
- Accident investigation
- Operational awareness
- Lessons learned
- Contractor Assurance System

The completion of this activity will help you gain an understanding of how the ORO oversees the contractors' work activities.

Performance Measurement

Performance measurement involves determining what to measure, identifying data collection methods, and collecting the data. Evaluation involves assessing progress toward achieving performance expectations, usually to explain the causal relationships that exist between program activities and outcomes. Performance measurement and evaluation are components of performance-based management, the systematic application of information generated by performance plans, measurement, and evaluation to strategic planning and budget formulation. Performance measurement is mandated by the Government Performance and Results Act (GPRA) of 1993 and is central to other legislation and Administration initiatives. The benefits of this approach include:

- Performance measurement improves the management and delivery of products and services.
- Performance measurement improves communications internally among employees, as well as externally between the organization and its customers and stakeholders.
- Performance measurement helps justify programs and their costs.
- Performance measurement demonstrates the accountability of Federal stewardship of taxpayer resources.

Oversight of the contractor is confined to those programs, processes, and functions described in the negotiated contractual performance measures.

For Cause Reviews

For cause reviews are one of the tools used by DOE in overseeing the contractor. These reviews of contractor operations or performance would typically result from poor performance or trends indicating the potential for

improvement requiring DOE follow-up to protect the Government's interest. Specific reviews may also arise from implementation of new requirements placed on the contractor, or new, significantly revised contractor systems, requiring validations.

Self-Assessment

The self-assessment is a key contractor mechanism used to demonstrate that the contractor is continually reviewing its performance and seeking ways to improve its performance. A written annual, self-assessment is provided to ORO and generally includes the following:

- Assessment against performance objectives, measures, and expectations. Relevant supporting documentation shall be included or appropriately referenced.
- A description of how key in-process requirements are being met, including:
  - compliance with applicable DOE and Federal requirements (Statutes, Regulations, Directives, etc.),
  - compliance with key internal controls, and
  - the degree to which those key requirements and internal controls have been met.
- Identification of improvement opportunities and improvement plans.

Independent Oversight

The HSS Office Independent Oversight (HS-60) (formerly the Office of Independent Oversight and Performance Assurance [OA]) provides accurate and comprehensive information and analysis regarding the effectiveness, vulnerabilities, and trends of DOE security; cyber security; emergency management; and environment, safety, and health programs, and other critical functions of interest, to Departmental senior staff, Congressional committees, and other stakeholders in support of DOE's strategic and general goals.

As a corporate resource, HS-60 performs, facility- and site-specific and Department-wide performance appraisals to verify that the Department's safeguards and security interests are protected, the Department can effectively respond to emergencies, and that Departmental employees, contractors, the public, and the environment are protected from hazardous operations and materials. These appraisals are designed to complement line management's responsibility for security and safety program oversight and self-assessments.

External Oversight

There are several external organizations that conduct independent oversight activities of and for DOE. Three of these are the DOE Office of Inspector General (OIG), the U.S. Government Accountability Office (GAO) and the Defense Nuclear Facilities Safety Board (DNFSB).

The **OIG** conducts and supervises audits and investigations relating to the programs and operations of the Department. The OIG provides leadership and coordination and recommends policies for activities designed:

- to promote economy, efficiency, and effectiveness in the administration of, and

- to prevent and detect fraud and abuse in, such programs and operations;

The OIG provides a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The **GAO** is the investigative arm of Congress. GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the American people. GAO examines the use of public funds, evaluates federal programs and activities, and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the federal government through financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. GAO's activities are designed to ensure the executive branch's accountability to the Congress under the Constitution and the government's accountability to the American people.

DNFSB: For nearly half a century, the Department of Energy and its predecessor agencies operated the nation's defense nuclear weapons complex without independent external oversight. In the late 1980s, it became increasingly clear to members of Congress that significant public health and safety issues had accumulated at many of the aging facilities in the weapons complex. As an outgrowth of these concerns, Congress created the Defense Nuclear Facilities Safety Board in 1988 as an independent oversight organization within the Executive Branch charged with providing advice and recommendations to the Secretary of Energy "to ensure adequate protection of public health and safety" at DOE's defense nuclear facilities. Broadly speaking, the Board is responsible for independent oversight of all activities affecting nuclear safety within DOE's nuclear weapons complex. Prior to the end of the nuclear arms race, the nuclear weapons complex concentrated on the design, manufacture, test, and maintenance of the nation's nuclear arsenal. The complex is now engaged in cleanup of contaminated sites and facilities, disassembly of nuclear weapons to achieve arms control objectives, maintenance of the smaller stockpile, and storage and disposition of excess fissionable materials.

Readiness Reviews

From DOE O 425.1D, *Verification of Readiness to Start Up or Restart Nuclear Facilities*, it is the Department's policy that program work shall not be started or resumed in nuclear facilities until the facility has been brought to a state of readiness to safely conduct that program work and that the state of readiness to operate has been verified. Readiness Reviews [Operational Readiness Reviews (ORR) or Readiness Assessments (RA) are not intended to be line management tools to achieve readiness. Rather, the readiness reviews provide an independent verification of readiness to start or restart. A foundation for readiness of the nuclear facility is an approved safety basis as defined in

approved facility safety documentation, approved environmental documentation, a satisfactory safe working environment, and compliance with DOE Orders and requirements. In many instances, a key element of readiness is an effective ISMS.

There are two types of ORR, a contractor ORR and a DOE ORR. The DOE ORR is different from a properly executed contractor ORR. The DOE ORR should start with an assessment of the adequacy and accuracy of the contractor ORR. Because the contractor ORR provides the substantial basis for acceptance of readiness, the DOE ORR should include an assessment of the scope of the contractor ORR, and it should include actual verification by a sampling of contractor ORR results (e.g., verification of the conduct of operations by walkdown of procedures, observation of normal and off-normal operations or training evaluations, quizzing of personnel on training material, etc.). The DOE ORR should place significant emphasis on the effectiveness of the contractor's preparations through actual demonstrations of normal operations, abnormal events, emergency drills, etc. Additionally, the DOE ORR should assess the readiness of the responsible DOE line organization(s) to safely assess/oversee contractor operations, and the effectiveness of coordination among organizations.

DOE O 425.1D requires that a Readiness Assessment (RA) must use a graded approach to the tenets of the ORR. The Order requires the RA be conducted in accordance with ORO and contractor procedures that should also specify when an RA is required. The Order further states that guidance in this standard provides accepted methods and approaches for use in preparation of the ORO and responsible contractor's procedures. Many principles of the ORR process apply to the RA. A well-defined graded approach is important to ensure the effort is adequate to verify readiness without being excessive in terms of time or resources. It is particularly important that the individual circumstances concerning each restart be carefully considered when defining the number and details of the RA.

Accident Investigation

As stated earlier, the goal of ORO's oversight is to promote safe practices and prevent accidents and near-misses; however, when an accident does occur, ORO implements the accident investigation program. The objectives of the accident investigation program are:

- Contribute to improved environmental protection and enhanced safety and health of DOE employees, contractors, and the public.
- Prevent the recurrence of accidents.
- Reduce accident fatality rates and promote a downward trend in the number and severity of accidents.

Preventing accidents and reducing lost time and fatalities due to accidents are line management's responsibility. The accident investigation program provides useful, timely, and needed information to managers in the DOE complex to assist them in meeting these responsibilities. To accomplish these objectives, the accident investigation process must enable the Department to respond with

speed, accuracy, focus, and brevity. The results of accident investigations can help managers eliminate underlying causes and prevent similar accidents across the complex. However, to achieve maximum benefit, accident investigations need to be convened rapidly, staffed and supported adequately, focused on pertinent and essential facts and causation, conducted accurately and thoroughly, concluded quickly, and reported clearly and concisely. Analytical techniques used to draw conclusions and to establish causes must be valid, appropriate, and easy to use. Finally, sound judgments of need promote better safety practices, address systemic problems, and, when implemented, help prevent future occurrences.

Operational Awareness

Day-to-day interaction between DOE and contractors that enables DOE to determine how well the contractor is performing to meet the requirements of the contract. Factors influencing the degree of operational awareness include the nature of the work, the type of contract, and past performance of the contractor. Specific activities constituting an ongoing operational awareness process should be defined and understood by the ORO Manager and/or the Assistant Manager and the contractor.

Lessons Learned

Within DOE, Lessons Learned programs have been instrumental in aiding training and work planning organizations to improve the knowledge and work performance of DOE workers and managers. Many DOE sites have robust internal Lessons Learned programs and dedicated Lessons Learned program managers or advocates. Lessons Learned programs are an important component of ISM in that they feed back learned experiences and good practices into the overall work process while warning organizations of adverse work practices or experiences. The results include improved safety performance, reduced worker injuries and exposures, and reduced property damage. At ORO, significant lessons learned occurring on the Oak Ridge Reservation and across the Complex are reviewed and discussed as part of each organization's regular staff meetings and incorporated into continuing training programs, as applicable.

To Learn More

Click on these documents for more information about how ORO oversees the contractors' work activities.

- 48 CFR, Federal Acquisition Regulations System, Chapter 9, Department of Energy, Part 970, *DOE Management and Operating Contracts*
- DOE G 120.1-5, *Guidelines for Performance Measurement*
- DOE O 210.2, *DOE Corporate Operating Experience Program*
- DOE O 224.2A, *Auditing of Programs and Operations*
- DOE O 224.3, *Audit Resolution and Follow-up Program*
- DOE O 225.1A, *Accident Investigations*

- DOE O 226.1A, *Implementation of Department of Energy Oversight Policy*
- DOE O 414.1C, *Quality Assurance*
- DOE O 425.1D, *Verification of Readiness to Start Up or Restart Nuclear Facilities*
- DOE-STD-1070-94, *Guidelines for Evaluation of Nuclear Facility Training Programs*
- DOE-STD-3006-2010, *Planning and Conducting Readiness Reviews*
- DOE-STD-7501-99, *The DOE Corporate Lessons Learned Program*
- ORO Directives Management Group, Key Management Documents, http://www-internal.oro.doe.gov/dmg/oro_keymanagementdoc.htm
- ORO Office of Science Federal employees should also refer to the Office of Science Management System (SCMS): Environment, Safety, and Health, Subject Area: *Environment, Safety, and Health Oversight of Contractors*, http://scms.sc.doe.gov/
- SCMS "QA and Oversight" Procedures