



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

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DNE SAFETY BOARD

March 9, 2004

The Honorable John T. Conway
Chairman
Defense Nuclear Facilities Safety Board
625 Indiana Avenue, NW, Suite 700
Washington, DC 20004-2901

Dear Mr. Chairman:

At the public meeting you held in Washington, DC on February 3, 2003, you requested that I provide additional information concerning NNSA's definition of "risk-acceptance official" and our proposed Line Oversight/Contractor Assurance System (LO/CAS). Please find the requested information enclosed.

If you or your staff have any questions, please feel free to contact me at 202-586-2181.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald J. Haackel".

Ronald J. Haackel
Brigadier General, USAF
Principal Assistant Deputy Administrator
for Defense Programs

Enclosure

cc: Mark Whitaker (DR-1), HQ



**Additional Information Following Feb 3, 2004 Testimony of
Brigadier General Ronald J. Haeckel, USAF**

DNFSB Request: Would you please provide additional information on the proposed Line Oversight/Contractor Assurance System (LO/CAS) including the use of performance indicators and metrics?

NNSA's draft LO/CAS policy establishes a framework that will allow NNSA Line Oversight to be better aligned to Contractor Assurance Systems, with emphasis on performance assurance areas that are less mature or of higher risk. This policy envisions a complementary and supportive relationship between NNSA and contractor systems to provide assurance.

Historically, DOE and NNSA have depended upon a combination of contractor assessment and direct Federal oversight to help manage the risks associated with work conducted by NNSA contractors. Technical and subject matter experts conducted numerous types of assessment activities to evaluate contractor performance as well as to form the basis for issuance of policy, guidance, and direction and evaluation of contractor performance. In the future, the accountability for effectively managing risk will be increasingly placed on NNSA contractors. This shift in accountability should allow increasingly refined NNSA Line Oversight as Contractor Assurance Systems mature and confidence is built.

To ensure effective risk management, NNSA will require comprehensive contractor "assurance systems", i.e., those systems relied upon to ensure missions and functions are being properly executed in an effective, efficient and safe manner. Contractor assurance systems will:

- Enable effective management of programmatic, project, administrative and operational risks;
- Implement robust, rigorous and credible contractor self-assessments, feedback, and improvement activities;
- Identify and correct performance/compliance trends before they become significant issues;
- Provide input to risk/resource prioritization decisions;
- Utilize nationally recognized experts and other independent reviews to assess and improve its work process and to carry out risk and vulnerability studies, as appropriate;
- Define performance metrics and performance targets to assess performance, including benchmarking of key functional areas with other NNSA/DOE contractors and industry and research institutions;
- Timely and appropriate communication to the Contracting Officer, including access to assurance related information;

This policy will apply to oversight of contractor performance in all areas of the NNSA enterprise including programs, projects, operations and business functions with the exception of Naval Reactors and nuclear safety or security operations, which remain unchanged from their current arrangement.

The LO/CAS policy is intended to build on Integrated Safety Management and Integrated Safeguards and Security Management and to evolve these to the broader concept of Integrated Management. It is intended to complement (in the ES&H area) DOE P450.5, which remains in effect and is consistent with other applicable rules, regulations, standards and DOE Policies. Accordingly, as stated in DOE P411.1 (Safety Management Functions, Responsibilities, and

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Authorities Policy), the ultimate responsibility and accountability for ensuring adequate protection and safe operations rests with NNSA line management and cannot be delegated to contractors. The DOE Office of Independent Oversight and Performance Assurance (OA) will continue to provide the NNSA Administrator with independent oversight of NNSA's Environment, Safety and Health, Safeguards and Security, Cyber, and Emergency Management performance, coordinated through the appropriate NNSA Site Office.

The keystone of this proposed policy is the self-assessment, which puts accountability and responsibility at the appropriate organizational level (both Federal and contractor). Federal line management and independent oversight become the cornerstones upon which trust and credibility will be built throughout the system. These oversight activities will be tailored to meet the needs and unique differences of each site.

Contractors identify, monitor, and analyze data measuring the performance of facilities, programs, and organizations. The data are used to demonstrate performance improvement or deterioration relative to identified goals. Using a program to analyze and correlate data, contractors can suggest further improvements and identify good practices and lessons learned. To accomplish these objectives, contractors establish programs that identify, gather, verify, analyze, trend, disseminate, and make use of performance indicators. Performance indicator data are considered in allocating resources, establishing goals, identifying performance trends, identifying potential problems, and applying lessons learned and good practices.

NNSA Site Office Managers (Line Management) are responsible for setting expectations and communicating them to contractors. This responsibility is implemented through formal mechanisms and direct communication between DOE field elements and contractor managers, paying particular attention to ensuring that requirements and expectations are established in contractual documents, including performance indicators, measures, objectives, and criteria.

Independent oversight activities, such as Office of Independent Oversight and Performance Assurance (OA) inspections, are different from NNSA line management assessments in that they focus on the combined effectiveness of contractors and NNSA line management in establishing site programs that meet NNSA expectations. The selective evaluation of program implementation by contractors provides an indication of the effectiveness of NNSA line management in providing direction and ensuring contractor performance.

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DNFSB Request: Would you please clarify what is meant by the statement that Site Office Managers are “risk-acceptance officials” for NNSA?

The NNSA Site Offices are responsible for all oversight and contract administration for Site activities, acting as the risk acceptance agent for the NNSA. The Site Offices are responsible for: (1) coordinating all contract oversight; (2) the safe and secure operation of facilities under the purview of NNSA; (3) supporting NNSA programs to ensure their success in accordance with their expectations; and (4) ensuring the long term viability of the Site to support NNSA programs and projects.

Thus, Site Office Managers have the authority for day-to-day execution of the safety management program at their site, including: direct assignments extracted from the DOE Safety Functions, Responsibilities and Authorities Manual (FRAM) documented in the NNSA FRAM, delegated authorities from NNSA Headquarters, and alignment of their Site FRAM with the NNSA FRAM.

In their role as “risk-acceptance officials,” Site Office Managers have been specifically delegated the following risk acceptance authorities in Section 3.8 of the NNSA FRAM:

- Authorization of Integrated Safety Management System (ISMS) verifications to ensure ISMS is implemented and maintained at NNSA facilities.
- Approval of final nuclear facility/activity hazard categorization level based on input from NNSA line managers and contractors regarding the type and amounts of hazards, and the requirements of 10 CFR 830.
- Direction to the Contractor to prepare documentation for controls for the prevention and mitigation of hazards (including Technical Safety Requirements for Hazard Category 1, 2, and 3 nuclear facilities). Review the adequacy of the controls and documentation.
- Review and approval of: RPPs for DOE activities as required in 10 CFR 835; Unresolved Safety Question (USQ) procedures for hazard category 1, 2, and 3 facilities; and preliminary Documented Safety Analysis (DSA) and DSAs for Hazard Category 2 and 3 nuclear facilities, including the nuclear design criteria, where required by 10 CFR 830.
- Approval of Technical Safety Requirements and other hazards controls for hazard category 2 and 3 nuclear facilities and ensure sufficient funding for implementation.
- Approval of the safety basis for hazard category 2 and below nuclear facilities and accelerators, including the preparation of a safety evaluation report.
- Ensuring that Hazard Category 2 nuclear facilities have an up to date Authorization Agreement.
- Review and approval of contractor’s Quality Assurance Plan (QAP), ensuring QAPs for nuclear facilities meet the requirements of 10 CFR 830 and are integrated with the contractor’s safety management programs. Ensures that contractors implement QAPs.
- Ensures contractors report occurrences in the Occurrence Reporting and Processing System (ORPS). Review and approve reports as delegated, including proposed corrective actions and lessons learned. Review ORPS reports from other similar sites to detect potential improvements and means of averting occurrences.