



U.S. DEPARTMENT OF
ENERGY

Office of
Science

SC Contractor Assurance

Todd Lapointe,
Director for Safety and Security Policy,
Office of Science

Wednesday, November 16

In the Office of Science - What is Contractor Assurance?

- ❑ A contractor-designed and utilized system to manage performance consistent with contract requirements.
- ❑ A framework that engages the corporate parent to assess performance, provides data to the Contractor's management decision-making process, and allows the Contractor to more effectively manage processes, resources and outcomes.
- ❑ A system that provides transparency between the Contractor and DOE to ensure alignment across the enterprise to accomplish mission needs, and for DOE to determine the necessary level of Federal oversight.

An effective Contractor Assurance System (CAS) enables continuous improvement of Contractor performance, integrates and aligns Contractor management systems, and supports corporate parent governance



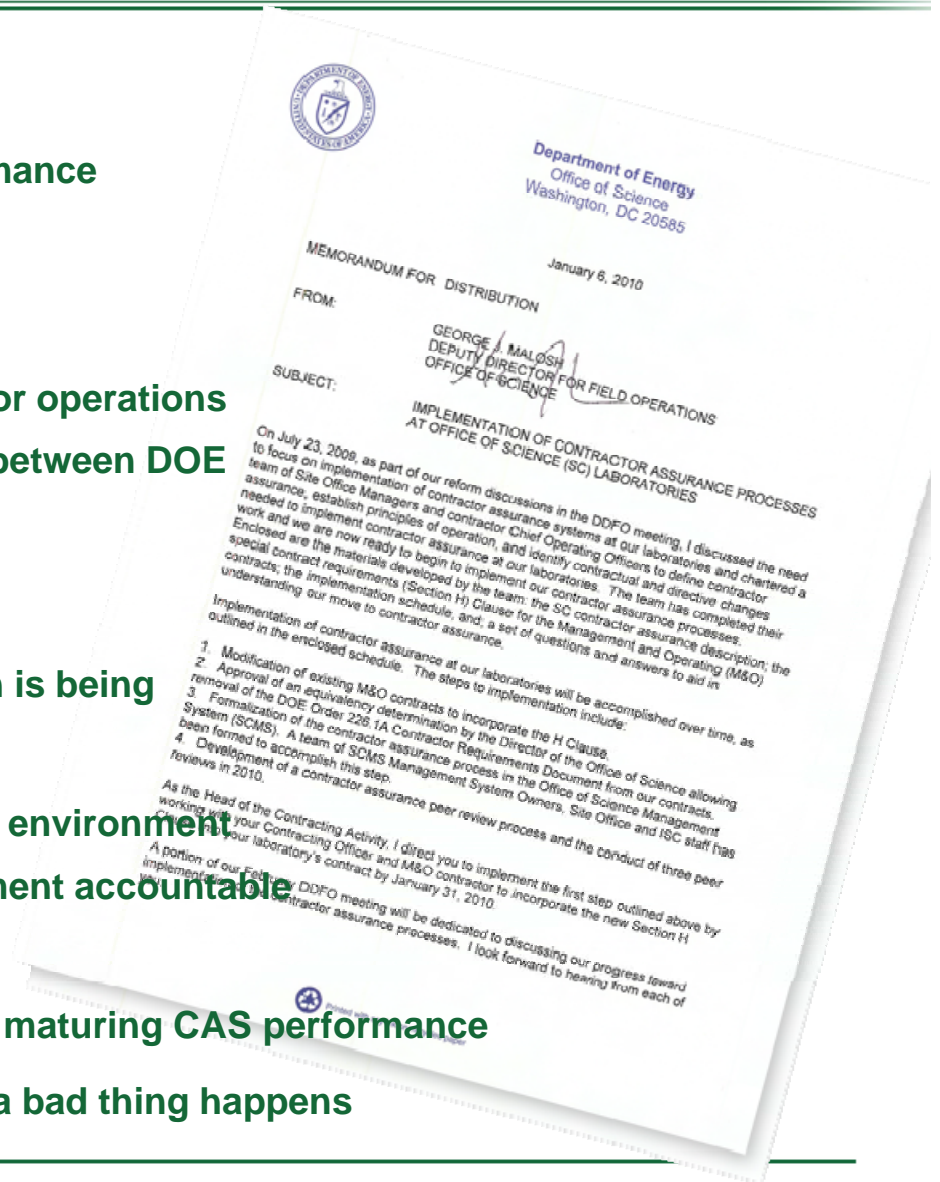
Office of Science Contractor Assurance System

Overarching Principles

- ❑ Line management is accountable for performance
- ❑ Assurance is an outcome
- ❑ Assurance is reasonable, not absolute
- ❑ Assurance covers the full scope of contractor operations
- ❑ Effective assurance is built on mutual trust between DOE and the contractor

Execution

- ❑ Provides reasonable assurance that mission is being met and contract fulfilled
- ❑ Systems protect workers, the public and the environment
- ❑ SC and Parent Contractor hold lab management accountable for performance outcomes
- ❑ Oversight is modified as contractors exhibit maturing CAS performance
- ❑ SC stays the course with the process when a bad thing happens



Why Focus on Contractor Assurance?



Office of Science Approach

The SC Deputy Director for Field Operations chartered a federal/contractor team to improve the execution of Contractor Assurance at SC National Laboratories considering reform initiatives. (July to December 2009)

The team established expectations:

- ❑ Try to work within existing approaches as much as possible
- ❑ Eliminate **redundancy**
- ❑ Apply Contractor Assurance to **all** operating areas
- ❑ Remove DOE O 226.1 to reduce **confusion**
- ❑ **Connect to PEMP**, contractor management assurance systems/processes
- ❑ Laboratory systems and processes should be **transparent** to the Site Office Manager
- ❑ Oversight can be **modified** as Assurance Systems mature



Office of Science Approach (cont.)

What we are committed to:

- ❑ We adhere to the H clause as base
- ❑ Reestablishing line/mission management responsibilities.
- ❑ **Holding the contractor accountable when event occurs instead of proliferating changes and new requirements broadly.**
- ❑ Effective assurance can only happen in a trusting environment.
- ❑ Modifying behaviors to enhance trust from contractor (and Parent) to site office to HQ.
- ❑ **Balancing risk avoidance/mitigation with mission accomplishment.**
- ❑ The approvals for different activities should be as close to the accomplishment of work as appropriate.
- ❑ Execution is done in the field and transactions/approvals/acceptance are between contractor and site office.



Science Approach Challenges

- ❑ All agreeing to same methodology/approach
- ❑ **Stay the course if bad things happen**
- ❑ Modifying our oversight as contractor exhibits CAS performance
- ❑ Partner/modify frequency or focus
- ❑ All parties' behavior has to change
- ❑ Learning through the peer process so that as the journey for continuous improvement continues, SC sites can help each other



Specific Expectations are Derived from the H-Clause

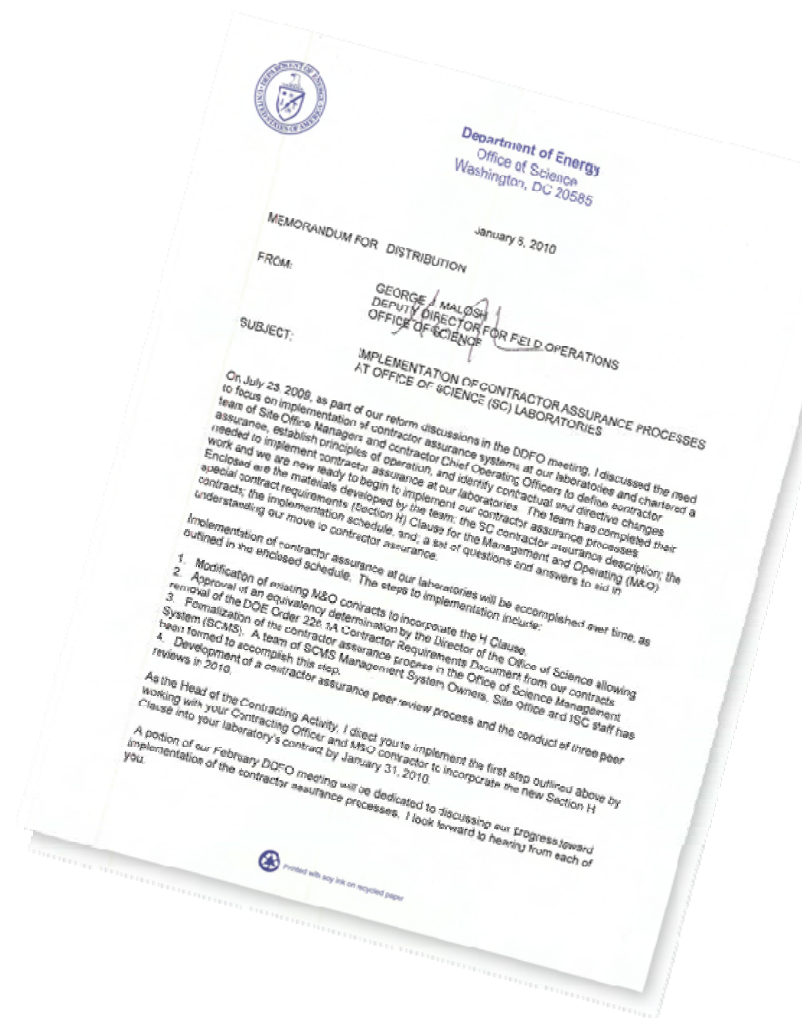
H Clause: Contractor Assurance System

(a) The Contractor shall develop a contractor assurance system that is executed by the Contractor's Board of Directors (or equivalent corporate oversight entity) and implemented throughout the Contractor's organization. This system provides reasonable assurance that the objectives of the contractor management systems are being accomplished and that the systems and controls will be effective and efficient. The contractor assurance system, at a minimum, shall include the following key attributes:

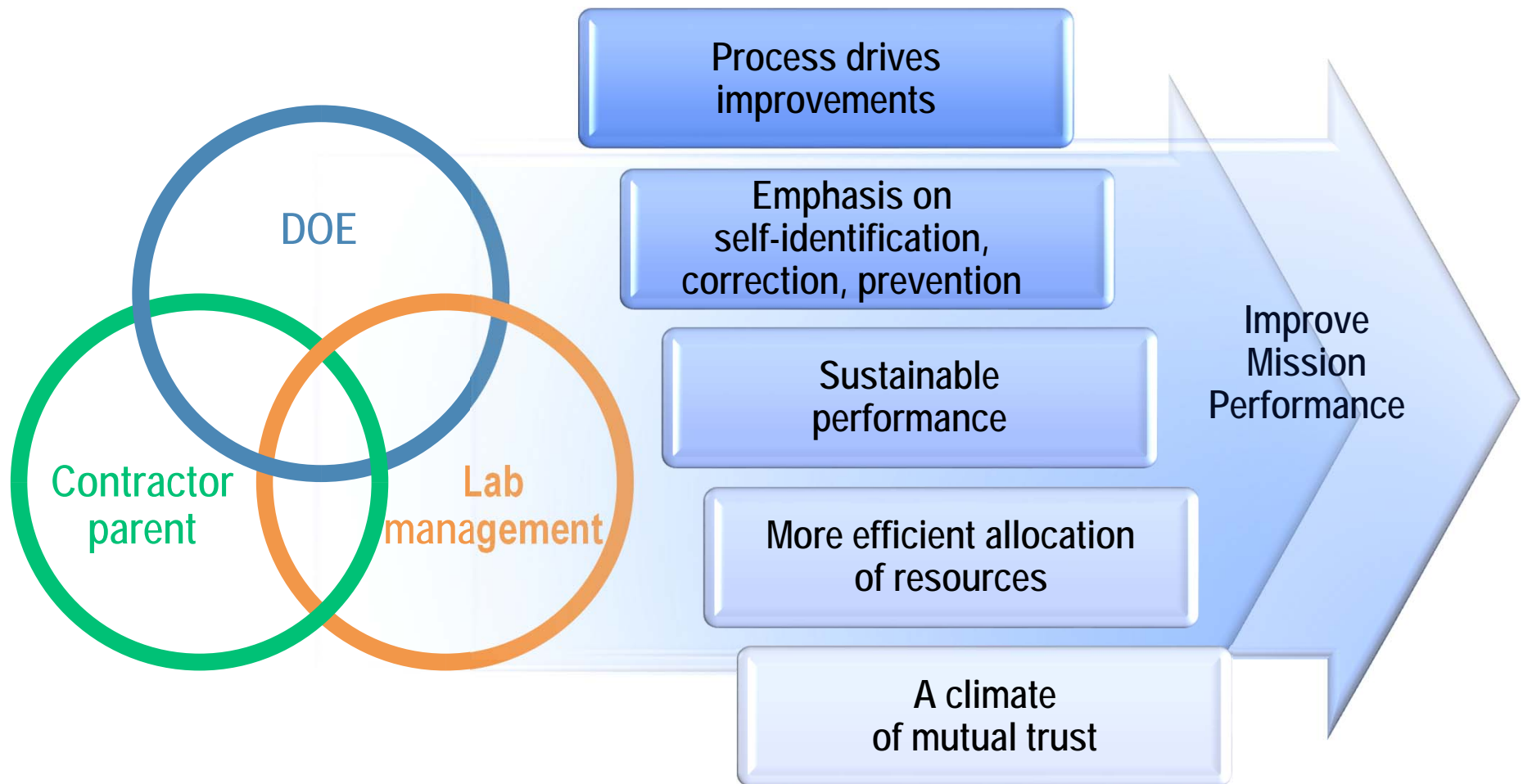
- (1) A comprehensive description of the assurance system with processes, key activities, and accountabilities clearly identified.
- (2) A method for verifying/ensuring effective assurance system processes. Third party audits, peer reviews, independent assessments, and external certification (such as VPP and ISO 9001 or ISO 14001) may be used.
- (3) Timely notification to the Contracting Officer of significant assurance system changes prior to the changes.
- (4) Rigorous, risk-based, credible self-assessments, and feedback and improvement activities, including utilization of nationally recognized experts, and other independent reviews to assess and improve the Contractor's work process and to carry out independent risk and vulnerability studies.
- (5) Identification and correction of negative performance/compliance trends before they become significant issues.
- (6) Integration of the assurance system with other management systems including Integrated Safety Management.
- (7) Metrics and targets to assess performance, including benchmarking of key functional areas with other DOE contractors, industry and research institutions. Assure development of metrics and targets that result in efficient and cost effective performance.
- (8) Continuous feedback and performance improvement.
- (9) An implementation plan (if needed) that considers and mitigates risks.
- (10) Timely and appropriate communication to the Contracting Officer, including electronic access, of assurance related information.

The initial contractor assurance system description shall be approved by the Contracting Officer.

(b) The Government may revise its level and/or mix of oversight of this contract when the Contracting Officer determines that the assurance system is or is not operating effectively.



Success Depends upon Engagement



Behaviors Exhibited – Ideal World for CAS Success

- ❑ **Trust**
- ❑ **Mutual respect**
- ❑ **Every one knows their swim lanes**
- ❑ **Open for learning**
- ❑ **Critical in self assessment**
- ❑ **Act on deficiencies and willing to partner or change course if not working for staff**
- ❑ **Committed**

Framework for SC Peer Reviews

Peer Review Guide identifies roles and structure

Lines of inquiry (LOIs) focus on H Clause attributes

Steering Committee provides consistency of approach

Teams evaluate assurance system development, deployment and maturity

**CONTRACTOR ASSURANCE
AT OFFICE OF SCIENCE LABORATORIES**

**CONTRACTOR ASSURANCE SYSTEM PEER REVIEW GUIDE
AND LINES OF INQUIRY**
Rev.1

April 15, 2010

how

Appendix B: Lines of Inquiry
April 15, 2010

East Coast Laboratory Management

CAS Attribute and/or Expected Outcome	General Question	Detailed Questions
A. Comprehensive description of the CAS with processes, key activities, and accountability as clearly identified.	A.1 Is there a written description of the CAS?	A.1.1 What CAS processes, procedures, tools, and systems are in place? A.1.2 Are roles, responsibilities, and accountability clearly identified? A.1.3 Are resources for the CAS processes allocated in a risk-based approach (i.e., allocated to highest risk activities, functions, processes, etc.)?
	A.2 Does the CAS description encompass all critical processes and key activities?	A.2.1 What areas need to be added, changed, or removed?
	B.1 Does the CAS include a method for verification?	B.1.1 Is there a method, approach or plan to verify the CAS?
B. Methods for verifying/ensuring CAS processes.	B.1.2 How does the method for verifying the CAS ensure that the CAS is performing as intended?	C.1.1 Does the laboratory process require verification of the CAS prior to enabling significant assurance system changes?

what



Federal Staff Involvement



Department of Energy
Office of Science
Washington, DC 20585

March 18, 2013

MEMORANDUM TO: SC-3 FEDERAL STAFF

FROM: JOSEPH MCBREARTY *Joseph MCBrearty 3/18/13*
DEPUTY DIRECTOR FOR FIELD OPERATIONS, (SC-3)

SUBJECT: Proper Federal Oversight

Colleagues,

I would like to take this opportunity to share with you my expectations for the SC-3 work force as it relates to Federal oversight and involvement with our contractors.

As I am sure most of you are aware the Department of Energy has been and is continuing to be scrutinized concerning its Federal oversight of our contractors. There may have been misunderstandings over how the Contractor Assurance System fits into this model and what we are expecting our Federal staff to do in oversight of contractor activity. We are responsible for what I would call a *trust but verify approach* to Contractor Assurance. We have an *independent oversight* responsibility and must not simply rely on contractor self assessments to gauge their performance. As I have discussed on numerous occasions with the Site Office and Integrated Support Center managers, I expect SC-3 Federal employees to be in the field and on the deck plates to the maximum extent practical in alignment with their stated duties and responsibilities.

We have a long tradition of telling our contractors *what* to do and allowing them to determine *how* to perform that mission. However, we as Federal employees must ensure that the contractors perform their mission **safely, securely and efficiently**. I expect the Federal work force to be competent and to be able to understand the work that is in progress and know when to step in. We are the eyes and ears of the American public in this area. This is not an *"eyes on, hands off"* approach; all of us have the responsibility to ensure that our contractors operate within the terms and conditions of their contracts. We have seen, both inside and outside of Science, with the security breach at Y-12 being the most recent example, ineffective Federal oversight. While we may be tempted to point fingers or tell ourselves that this sort of thing can't happen to us, we have found examples where we in the Office of Science have not performed effective oversight.

Our standards must remain high. Our SC-3 work force has over 600 highly talented and dedicated professionals. I am proud to serve with each and every one of you and I want to ensure that each of you hear directly from me on these expectations. I will not get into a list of specific actions since that would dilute the purpose of this memo. However, I want each of us to understand that we are operating some of this nation's most precious resources and we have a personal responsibility directly to the American public for the safe and effective operation of our laboratories and facilities.

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SC Oversight Model and CAS

DOE Oversight to Confirm the outputs of CAS

- ❑ Formal processes such as assessments, audits, reviews...
- ❑ Less formal processes such as facility tours, walk-throughs, work observations...

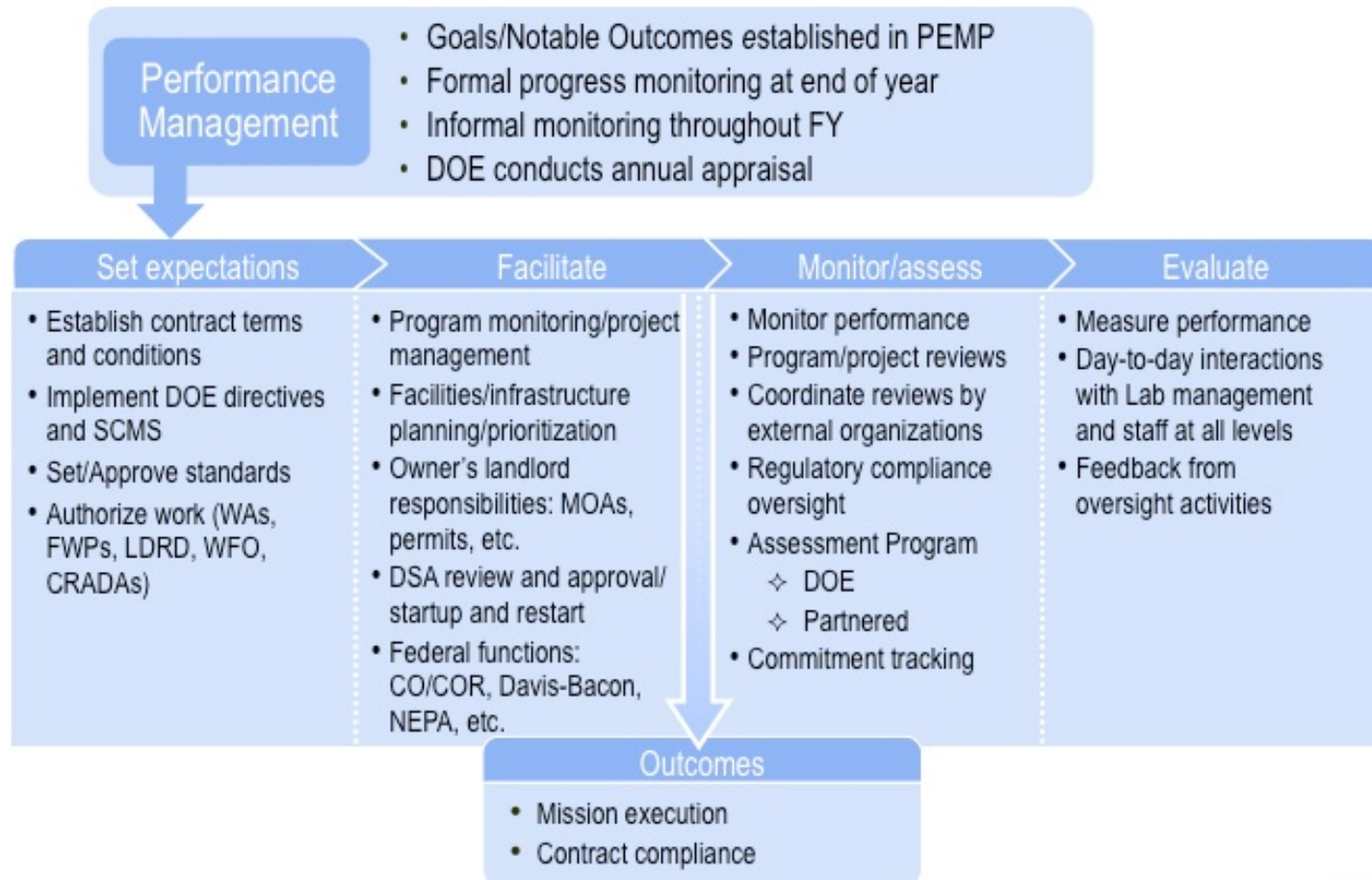
Integration of DOE Activities with CAS:

- ❑ Review of contractor management system documents and records;
- ❑ Analyses of the outputs of CAS, including peer reviews and internal contractor assessments of operations, facilities, projects, ...
- ❑ Performance of operational awareness activities such as assessments, surveillance, inspections, work observations, surveys, ...
- ❑ Review of CAS management system information and trends and direct activity observation (boots on the ground)



SC Oversight Model and CAS (cont.)

Science Site Office Oversight Approach (Examples)



11/30/13



SC CAS Information Summary

- ❑ **SC Laboratories have peer reviewed Contractor Assurance Systems in place**
- ❑ **Office of Science Oversight Model now reflects existence of Contractor Assurance Systems**
- ❑ **SC federal staff role is evolving from directing to influencing/enabling as CAS matures at the Laboratories.**
- ❑ **SC activities will evolve as CAS systems mature- looking for steady state and continuous improvement**
- ❑ **DOE Office of Science remains ultimately responsible using strong partnership and good systems to drive improved performance.**



QUESTIONS?



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