

PREPARING FOR A DOE/PARENT COMPANY JOINT REVIEW

Guidance for Collaborative Reviews of Contractor's Mission Governance & Contractor Assurance System (CAS) Performance

Abstract

This lessons-learned guidance document was developed based on input from recent collaborative reviews by DOE/NNSA and parent companies. This guidance can be used to help DOE/NNSA contractors in preparing for these types of high-level joint reviews and ensuring a successful outcome.

EFCOG CAS Working Group
Task Team Leads Jita Ellis, SRR
Omar Cardona-Quiles SRNS
Fall 2019 EFCOG ISMS Meeting
Oak Ridge, TN

Guidance for Collaborative Reviews of Contractor’s Mission Governance & CAS Performance

I. Introduction/Background

The following information provides some history and context on the EFCOG CAS Working Group decision to develop this guidance. Contractor oversight expectations have continued to rise in recent years. Compliance with Federal, State and various regulatory requirements is a baseline expectation with the Department of Energy; however, performance effectiveness, risk management, efficiency and sustainability are being emphasized for a DOE Prime Contractor/Limited Liability Company (LLC) entity to perform its mission effectively. There is also increased customer (DOE) attention on the role of the parent companies. Oversight activities by DOE and parent companies will include an increased focus on the LLC’s mission and how well they are managing short-term as well as long-term risks. From a regulatory standpoint, the Contractor Assurance System expectations are outlined in DOE Order 226.1B, Attachment 2 which addresses key elements of an effective CAS. In addition, DOE Policy 226.2 provides the rationale for a CAS program that also includes the business and financial support aspects of the project. See excerpt below: “Contractor Assurance Systems are applied to all operating and business functions, including systems for the protection of the worker, public, environment, property, business, and financial matters.” (Ref. DOE P 226.2)

Additionally, the National Nuclear Security Administration (NNSA) issued Supplemental Directive (SD) 226.1B, *NNSA Site Governance*, in 2016 that prescribes NNSA’s Site Governance Model. SD 226.1B requires that NNSA federal oversight and contractor assurance systems undergo peer review to evaluate implementation of NNSA’s Site Governance Model

II. Purpose

This lessons-learned guidance document was developed based on input from recent collaborative reviews by DOE/NNSA and parent companies. This guidance can be used to help DOE/NNSA contractors in preparing for these types of high-level joint reviews.

The purpose of these joint reviews includes identifying and sharing strategic best practices and recommendations to enable continuous governance effectiveness and efficiencies at the site reviewed as well as complex wide. These types of reviews are not meant to be compliance assessments.

The objectives of these collaborative reviews include reviewing the site’s governance system for the following attributes*:

- Knowledgeable of mission performance

- Ability of detecting performance weaknesses/trends in a timely manner and developing improvement strategy
- Appropriate continuous improvement and corrective action processes
- A strong nuclear safety culture that ensures cooperation with all stakeholders

**See NNSA presentation from May 2019 EFCOG CAS Meeting on EFCOG/CAS website.*

The outcome of a successful collaborative review includes the following that can be shared complex-wide:

- Identifying effectiveness elements that ensure project performance, including assessments, issue detection, corrective actions, management of risks, and identification of improvement opportunities at the sites reviewed
- Improved oversight processes
- Better communication among governance entities
- Increased collaboration across sites and among leaders
- Highlighting areas for increased Federal and parent company engagement

III. Scope

The scope of such collaborative reviews is centered around evaluating how well the LLC leadership team and the various operations and financial organizations are communicating and managing risks to effectively implement site mission.

The framework for the review includes:

WHO: Focus on management team's (DOE/NNSA local/field office & LLC executive and senior leadership) ability to govern contract missions and manage risk. Also, in some reviews, discussions with a sampling of working level employees to evaluate engagement and knowledge of mission and risk translation to all levels of the organization is an essential part of the process. Keep in mind that each team is unique and may bring their own approach and areas of interest for the review.

HOW: Tours, interviews, observations of job evolutions/meetings/planning sessions etc., DOE meetings with LLC/Corporate leadership and LLC board reviews. Also included are document reviews prior to start of onsite visit as well as documents given during the site visit.

IV. Makeup of Review Team (4-6 people)

The effectiveness of this review is highly dependent on the selection of an executive-level, highly experienced Review Team. Subject Matter Experts (SMEs) such as the following, are selected to participate in the reviews based on program areas of key interest during the evaluation (operational risks/business risks/security risks, etc.)

1. Contractor Parent Company Leadership & SMEs (e.g. President, CEO, COO, CCO, CFO, Project Director, etc. from other sites.)
2. DOE or NNSA Leadership, Staff & SMEs (e.g. peer site office manager(s), directors, etc.)
3. Peers/industry experts (Operations, Maintenance, Business Systems, etc.)

V. General Conduct of the Review

Treat the process as a review of “Contract Governance” and how CAS and other processes are enablers. Do not consider the review to be compliance review of DOE Order 226.1B scope relative solely to Environmental Safety and Health Programs. A key consideration of Governance includes how efficiencies are being considered to maximize mission delivery at practical costs.

1. Review Team plans are developed with focus on managing mission risk and addressing challenges in an efficient, effective, and compliant manner, in order to reduce risks and enable desired outcomes. Concentrating on key questions (Attachment 1) facilitates the review objective.
2. Contractor Preparation for the Review – The CAS organization should support the effort for establishing the approach for the Joint Review with the Executive Team and Senior Management and SMEs. See Attachment 1 for additional guidance.
 - Review Team identifies advance material needed (Attachment 2); contractor gathers and provides advance material. Preferably via shared file on a server, such as Proteus FTP, that can be accessed at any time via account and password access.
 - Review Team identifies and conducts advance interviews (Attachment 2) This process may include advance interviews of DNFSB, DOE/NNSA and parent company leadership to understand their level of understanding of the risks.
 - Based on advance material and interviews, Review Team identifies significant issues, challenges, and/or opportunities that they would like to have discussed during the site visit.
3. Review Team completes pre-review preparation and identification of significant issues, challenges, and/or opportunities, and develops a review outline (general description) based on the perspective obtained from the pre-review preparation (the review outline identifies facility or area walkdowns, interviews, activities to observe, meeting attendance, as well as presentations and discussions on specific topics or issues) [Preparation takes ~3-4 weeks to complete]

4. Contractor and Review Team develops a proposed review agenda based on the review outline (discussed in Step 3 above). [Time frame to complete ~2 weeks] (Attachment 3, Example Agendas)
5. Review Team conducts review; prepares summary of specific and general observations regarding the effectiveness of the LLC and corporate governance, including DOE/NNSA interactions, [Time frame ~1 week]
 - a. Areas of concern,
 - b. Barriers to success,
 - c. Opportunities for sustained improvement, including metrics and leading indicators
 - d. Lessons Learned about the process with input from Contractor
6. Review Team communicates observations and recommendations regarding mission priorities and significant goals, risks, and opportunities. [Time frame ~last day of review]
 - a. Contractor (to include factual accuracy review)
 - b. DOE/NNSA
 - c. Parent Company
7. Contractor develops improvement/corrective actions, as required, following final report issuance.
 - a. Presents to Review Team with a formal transmittal
 - b. Identifies mechanism and schedule for follow-up with Review Team
 - c. Enters actions into issue tracking database for formal tracking of recommendations.

VI. Reference Material:

The following references available on the EFCOG CAS website may provide further guidance to aid in preparing for the joint review.

1. DOE EM Contractor Assurance Systems (CAS) Oversight Concept Paper, December 2018
2. Briefing to Energy Facility Contractors Group: NNSA Peer Review Process, N. Nelson-Jean, EFCOG Presentation, May 2019
3. Lessons from Joint Corporate/DOE-EM CAS Effectiveness Reviews, P. Gubanc and R. Sallizoni, EFCOG Presentation, October 2019
4. Integrating CAS Processes in Business Services Oversight– The Compliance Management Planning Program – J. Miller, EFCOG Presentation, October 2019
5. CAS Effectiveness Self-Assessment Plan, EFCOG Website, Posted 2018

Additional reference material used to develop this guidance includes DOE-EM Reviews and NNSA Reviews:

6. Savannah River Remediation (SRR) July 2019 review
7. URS CH2M Oak Ridge (UCOR) October 2019 review
8. Savannah River Nuclear Solutions Review February 2019 review
9. Savannah River Nuclear Solutions Review January 2020 review

ATTACHMENT 1: General Approach for Joint DOE or NNSA/Parent Company Review

DOE-EM, EA, or Office of Science, Key Questions (Example Lines of Inquiry that were provided to the Contractor)

Note: these questions were only used as scoping information to be discussed and were not considered Lines of Inquiry directly as would be done in typical contractor assessment processes.

1. What are the LLC mission priorities and significant goals, risks and opportunities? How do you know, track, and disposition them?
2. How does the LLC monitor its current performance, health, and future sustainability? Identify examples of interventions.
3. How does the LLC assess and assure the effectiveness of functional area programs and the CAS? Is continuous improvement achieved?
4. What are the types and effectiveness of communications internally, and with DOE Site & HQ, Board/Parents, key stakeholders?
5. What is the general health of LLC-DOE interactions, Management-Worker interactions, Safety Culture, Safety Management Programs, contract management, significant design/construction projects?
6. Examples of corporate reach-back to support project execution and the resolution of issues?

DOE-NNSA Key Questions (Example Lines of Inquiry that were provided to the Contractor and Parent Company)

1. Describe your process to maintain an accurate awareness of mission performance.
2. Describe your methods to detect trends in a timely manner to intervene and to maintain an accurate awareness of mission performance.
3. Describe your engagement to ensure appropriate continuous improvement and corrective action processes are robust and effective.
4. Describe your methods to emphasize an environment that is not adversarial and stimulates cooperation with the Field Office, HQ and the corporate parent.

DOE-EM, EA, Office of Science and NNSA Oversight of Business Aspects of the LLC Key Questions could include:

1. How is Business Services compliance oversight provided?
2. What business/finance elements are assessed
3. How are risk considerations incorporated in review schedule?
4. How are business/finance issues managed to closure?
5. How is business/finance system performance measured?

Major programs of business compliance oversight may include the functional areas listed below depending on the size and scope of the LLC being reviewed.

- *Accounting/Finance*
- *Business Planning & Integration*
- *Document Management*
- *Ops Excellence: CAS, QA, IEB, procedures, training, etc.*
- *Enterprise System Solutions*
- *ESH, EC, & Security*
- *Earned Value Management: project controls & estimating*
- *Human Resources*
- *Information Tech/Services*
- *Interface Management*
- *Prime Contracts admin*
- *Procurement/Subcontracting*
- *Property/Materials Management*
- *Risk Management*

Contractor Preparations Upon notification (1-2- months prior if possible):

As a reminder, treat the assessment as a review of “Governance” and how CAS and other processes are enablers. Engage executive staff in planning/executing the review with CAS personnel supporting the effort. It is important to work collaboratively with the review team and corporate management on agenda topics and strategic flow. Here are some additional tips to aid in preparation and supporting a successful review:

- Identify executive leaders, presenters, and DOE counterparts for each agenda session early
- Guide Contractor presenters on information to discuss regarding governance approaches such as:
 - Summarize issue/topic
 - Identify applicable Risk and Opportunity items
 - Highlight executive involvement
 - Describe CAS elements applicable and how used for issue
 - Discuss Parent Company involvement in issue management
 - Review Customer interactions and support/challenges
 - Outline improvement plans/actions
 - Discuss executive staff involvement and leadership in the issue
 - Openly share the issue and challenges being addressed
 - Contract milestones/impacts from the topical area
 - Describe system engineering tools, LEAN events, etc used to ensure efficiencies
 - Teaming with other sites for lessons learned, efficiencies, etc.

- Discuss the LLC Board of Managers involvement with the issue/topic and resolution
- Encourage limited formal presentations – consider collegial conference room layouts and conversational-interactive discussions (e.g. story boards See Figures 1 & 2)
- Ensure executive and DOE counterpart participation
- Use CAS staff to monitor sessions for action/follow-up during the week
- Use dry runs and include DOE counterpart to ensure consistency

Figure 1: Example Storyboards (usually given on a 11 x 17 layout)

Example 1: Training Storyboard

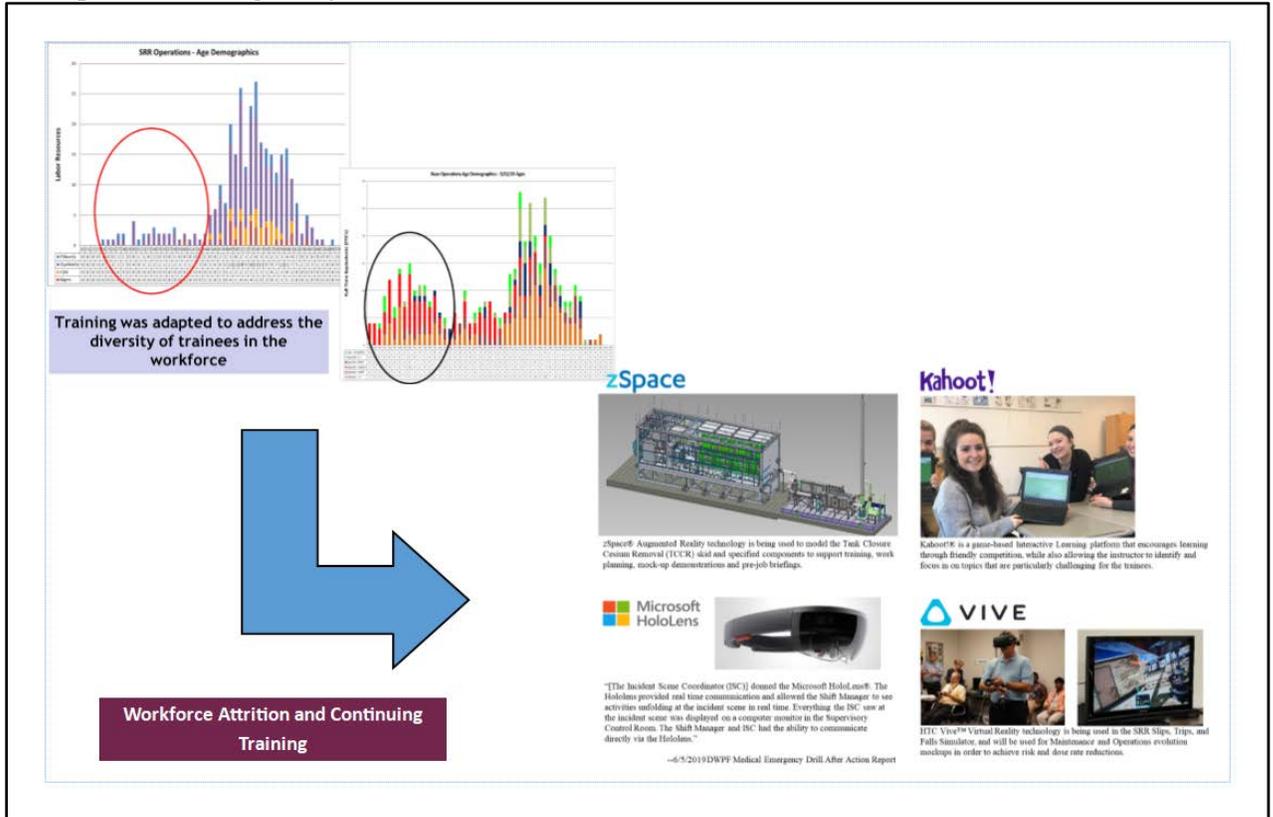
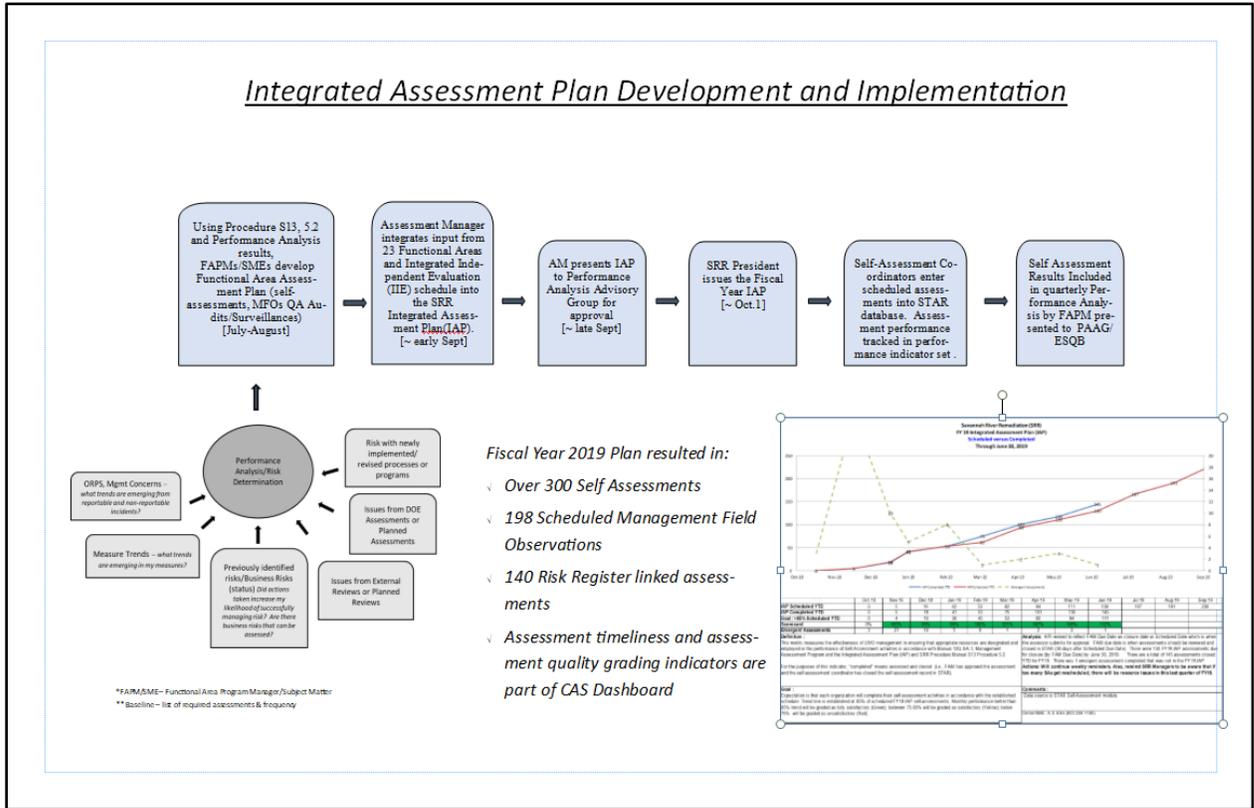


Figure 1: Example Storyboards (usually given on a 11 x 17 layout) Continued

Example 2: Company Assessment Planning Process



ATTACHMENT 2: Examples of Advance Material Reviews and Advance Interview List

Examples of Documents for Advance Review (preferably electronic files on shared server)

- DNFSB Weekly Reports
- DOE/NNSA Letters on performance – ~6 months
- DOE/NNSA Assessments and or significant audits– ~6 months
- DOE/NNSA business-related Corrective Action Request(s) – most recent
- LLC business-related reviews, internal audits, corporate audits, independent evaluations/assessments – ~1 year
- Past DOE Enforcement Actions/audits/assessment
- Employee Concerns (including Differing Professional Opinions (DPO's))– 6 months
- External Communications (special regulators)
- Communications from State/Federal/special Regulators (EPA/State, etc.)
- Project Reviews (CPR/PPR)
- Safety Culture Reviews
- CPAR reports for last period
- CAS Reports – Negative Trends and Watch list/Most Significant items or most current trend report used to assess the effectiveness of performance
- Significant issues in issue tracking system (examples open Sig Cat 1 and 2)
- ORPS report(s) for the past 3-6 months
- NTS Reports for the past 3-6 months
- Company Business & Enterprise Risk Registers
- Company-level Strategic Plan
- Company High-Level Metrics/CAS Metrics
- Value Stream Analysis Listing/Six Sigma Reviews etc.

Examples of People for Advance Interviews requested by review team (Before On-Site Review)

- DOE-HQ Liaison
- DOE-HQ – EA, EM, Office of Science, NNSA, etc.
- Parent Company Leadership
- DNFSB HQ

ATTACHMENT 3: Example of Review Team Agenda

I. Example of a DOE/Parent Company Collaborative review:

Pre-review preparation identifies the following significant issues or challenges and major projects in support of mission:

1. Issue 1
2. Issue 2
3. Project A
4. Project B

Day One

1. Intro/Briefings
 - a. Site/Activities Overview
 - b. Status of Issue 1
 - i. Mitigation strategy/actions
 - ii. Schedule
 - iii. Challenges/opportunities
 - c. Status of Issue 2
 - i. Mitigation strategy/actions
 - ii. Schedule
 - iii. Challenges/opportunities
 - d. Projects or Major Modifications (overview/schedule/issues)
 - i. Project A
 - ii. Project B
2. Facility walkdown/Observe activities
3. Meet with union/craft leadership
 - a. Stop work authority/SCWE
 - b. Communication of values, goals, and expectations from union, from management, from DOE
 - c. Worker/management interaction and engagement; Status/value of regularly scheduled meetings with management
 - d. Significant issues/concerns
 - e. Schedule pressure
 - f. Worker safety concerns
4. Breakout discussion on special Project A with appropriate SMEs
 - a. Additional details
 - b. Risk management methods, tracking by CAS

Day Two

1. Facility walkdown/Observe activities

2. Breakout discussion on Issue 1 with appropriate SMEs
 - a. Additional details
 - b. Identification, management, tracking by CAS
3. Meet with Contractor leadership
 - a. Stop work authority/SCWE
 - b. Communication of values, goals, and expectations to workers; from DOE
 - c. Worker/management interaction and engagement; Status/value of regularly scheduled meetings with workers
 - d. Issue management
 - e. Significant issues/concerns
 - f. Schedule pressure
 - g. Safety concerns
 - h. Corporate governance
 - i. Business Services compliance oversight
 - i. What business/finance elements are assessed
 - ii. How are risk considerations incorporated in review schedule?
 - iii. How are business/finance issues managed to closure?
 - iv. How is business/finance system performance measured?
 - j. DOE/management interaction and engagement; Status/value of regularly scheduled meetings with DOE; effectiveness of risk reduction teaming with DOE
4. Breakout on Issue 2
 - a. Additional details
 - b. Identification, management, tracking by CAS
5. Facility walkdown/Observe activities

Day Three

1. Facility walkdown/Observe activities
2. Meet with DOE leadership
 - a. Stop work authority/SCWE
 - b. Communication of values, goals, and expectations
 - c. Worker/management interaction and engagement
 - d. Significant issues/concerns
 - e. Schedule pressure
 - f. Safety concerns
 - g. DOE/contractor interaction and engagement; Risk reduction involvement; Status/value of regularly scheduled meetings with contractor
3. Breakout on special Project B
 - a. Additional details
 - b. Risk management methods, tracking by CAS

4. Facility walkdown/Observe activities

Day Four

1. Facility walkdown/Observe activities
2. Breakout on special topics as identified or requested by review team as a result of other discussions earlier in the week.
3. Improvements or opportunities
 - a. Identification mechanisms
 - b. Implementation mechanisms
 - c. Current initiatives identified; being pursued
4. Follow-up discussions (as needed)
5. Out-brief with overall conclusions/recommendations in draft report. Final report by review team is issued promptly (last day of visit or within 1 week) while discussion is still fresh in minds of reviewed organization.

II. Example of a NNSA/Parent Company Collaborative review:

Day One

- Peer Review Team Introduction and Refresher
- Site Overview and Mission Briefing
- Lease Overview Briefing
- Site Tour
- Governance Overview Briefing
- Parent Company Assurance Role Overview
- Contractor Assurance System Overview
- Core Mission Planning Briefing
- Quality Management System Overview
- Peer Review Team Working Session

Day Two

- Field Office Weekly Meeting
- Site Issues Briefing
- Observe Operations
- Informal discussions with workers at various levels in the organization
- Mid-level Managers Oversight Discussion
- Weapons Quality Management System Mtg. (if applicable)
- Observe Issues Management and Analysis Meeting
- Observe Enterprise Risk Management Meeting
- Working-level Staff Oversight Discussion
- Special Topic Briefing
- Security Best Practice Sharing
- Peer Review Team Working Session

Day Three and Day Four

- Discussions with workers at various levels in the organization
- Observe Tier 1 Meeting
- Observe Tier 2 Meeting
- Observe Tier 3 Meeting
- Observe Tier 4 Meeting
- Human Resources Briefing
- Observe Tier 5/6 Meeting
- Peer Review Team Working Session

Day Five (morning only)

- Out Brief to Field Office/M&O/Corporate Parent(s)
- Out Brief to NNSA Chief of Staff and Associate Principal Deputy Administrator