

Critical Decision 4
Project Closeout and Transition
for the
Focusing EM Program Resources on Cleanup
Project Team
September 2003, Rev. 0



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Focusing EM Program Resources on Cleanup Project Team CD-4 Submitted:

_____ Date: _____

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Executive Summary

This Critical Decision 4 (CD-4) Final Report has been prepared by the *Focusing EM Program Resources on Cleanup Project Team* to summarize and document the results of the Project Team's findings and recommendations, and also to provide the necessary information for transitioning follow-up activities to the proper Headquarters organizational element. The Project Team was chartered by the Assistant Secretary of Environmental Management (EM-1), and followed the principles of DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*, and the guidance in the companion manual, DOE Manual 413.3-1, *Project Management for the Acquisition of Capital Assets*.

The mission of the Project Team was to review Environmental Management (EM) work scope at Department of Energy (DOE) Field Offices and Headquarters where EM activities are being executed, and make a determination whether the activities reviewed directly support the EM mission of accelerated risk reduction and site closure. If the activity did not appear to support the EM mission, the Project Team would recommend either eliminating or transferring the activity to another organization. In addition, the Project Team reviewed the business systems at each site to ensure that the necessary systems and processes were in place to efficiently and effectively implement the site program.

Throughout the course of the site reviews, the Project Team identified several key areas that were common at many of the sites and in need of immediate change:

- EM resources being spent on non-mission related activities
- Contract mechanisms that did not incentivize or challenge the contractors
- Transition from contractor management to contract management still unclear
- Unclear roles and responsibilities for the Federal staff
- Unnecessary and costly program and project requirements
- Prioritized decision-making systems between sites are not in place
- Project staff lack of sense of urgency for cleanup
- Field has not taken advantage of the momentum in stakeholder relationships

In an effort to enhance performance at the various sites, the Project Team developed recommendations that were approved by EM-1 with the expectation that the sites develop Corrective Action Plans. The Project Team also has established policy and guidance through EM-1 to stimulate and direct the use of more effective Business Practices.

Many positive changes supporting accelerated risk reduction and site closure have become apparent throughout the EM sites. The Project Team has already found evidence that the process changes that have been recommended by this Project Team, other Corporate Project Teams and related initiatives, and that have been implemented at the project sites are beginning to transform the EM program from a scope-driven to a mission-driven program. Key examples of these changes include:

- Contract modifications are being designed to incentivize project closure;

- Many sites have established or improved independent project analysis and identification of Government Furnished Services and Items (GFSI) for project delivery;
- Federal staff are being reorganized with responsibilities and accountability reinforced; and
- New screening processes, systems, and change control mechanisms for Federal resources have been initiated to eliminate or redirect Federal resources towards critical EM closure activities.

EM has taken advantage of the Department's definition of successful project management systems in DOE Order 413.3 and is beginning to become more proficient in utilizing these concepts to execute work. However, the Project Team found evidence that EM activities and projects being conducted by EM Project Directors at sites with a non-EM Lead Program Secretarial Officer (LPSO) or Deputy Administrator face many challenges. The challenges emanate from unclear lines of authority, limitations in contract and regulatory representation, and fragmentation of Federal resource and organizational control.

The Project Team recommends that the Assistant Secretary pursue changes in Department policy to address this weakness. Modifications of site business processes and systems to provide the Federal Project Directors with the appropriate budgetary, contractual, regulatory and personnel authority to facilitate execution of their duties as defined in DOE Manual 413.3-1 must be directed. Additionally, while the Project Team found that changes are taking place at the Field Offices and Headquarters, the management systems, business systems, and culture are only beginning to adapt to a site-closure mindset. The Project Team concluded that continued leadership, training, incentives, and commitment to change would be necessary to continue the momentum and a sense of urgency into the future.

The *Focusing EM Program Resources on Cleanup Project* has met all project requirements and is positioned to cease project activities and disband the Project Team. The Project Team is prepared to support the resolution of the remaining Department issue related to Federal Project Director authority where EM is not the LPSO, at the Assistant Secretary's discretion.

Section 1.0 Statement of Completion

The Focusing EM Program Resources on Cleanup Project Team has satisfied all project requirements. All actions that are described in the Focusing EM Program Resources on Cleanup Corporate Project Critical Decisions 1 and 2 “System Requirements, Conceptual and Detailed Review Process Design, and Performance Baseline” package have been completed.

The Project Team followed the principles of DOE Order 413.3 and identified specific requirements as part of Critical Decision (CD)-1 and CD-2. Each of the project requirements was met by one or more actions or deliverables in the course of project execution, as shown in Table 1.0 below.

**Table 1.0
Crosswalk of Project Requirements to Demonstration of Completion**

| Number | Project Requirement | Demonstration of Completion |
|--------|--|---|
| 1.0 | The principles of DOE Order 413.3, <i>Program and Project Management for the Acquisition of Capital Assets</i> will be adhered to in executing the project. | All project documents and interchange with EM-1 conducted as Critical Decision (CD) meetings and exchanges, including: <ul style="list-style-type: none"> • Approved CD-0: Mission Need • Approved CD-1/2: System Requirements, Conceptual and Detailed Review Process Design, and Performance Baseline, December 23, 2002 • Approved CD 3A – 3I: Site Review Reports Additionally, all products described by project WBS completed on schedule and within budget parameters (Appendix C). |
| 2.0 | The Focusing EM Program Resources on Cleanup Corporate Project will be completed by October 1, 2003. | All project work completed and CD-4 meeting with Acquisition Executive scheduled prior to 10/01/03. |
| 3.0 | All work scope will be evaluated at some level, and work scope evaluations will be based on scope and level of distraction to management focus on cleanup, not merely dollar value. | Reviews were conducted at all sites where EM work is being managed and most sites where work is conducted as well as at Headquarters. Project Baseline Summary (PBS) assignments were included for all EM-2003 PBSs |
| 4.0 | Results at the corporate level will be documented and institutionalized through policy changes. | Work for Others/Directed Work Policy issued December 16, 2002 and January 9, 2003. Oversight and Assessment Policy issued May 23, 2003. EM Federal Baseline Development Policy, Appendix B SES/Federal Project Director Performance Standards: Appendix B |
| 5.0 | Results at individual Field and Headquarters Elements will be documented through formal Baseline changes. | Corrective Action Plan and Project Progress Summary : Appendix A. |
| 6.0 | The Project reports will provide a judgement of the effectiveness of business systems and processes at individual Field and Headquarters Elements in carrying out the closure mission. | Each CD 3A - 3I report includes a summary of applicability and progress towards lessons learned at all sites. Section 1.5 of CD-4 contains overall summary within EM-program. |
| 7.0 | Lessons learned generated by the Focusing EM Program Resources on Cleanup Corporate Project will be promulgated to Field and Headquarters Elements. | CD-3 reports promulgated to field offices as designated by EM-1. Briefings to Field Office Managers held on 8/24/03. CD-4 containing pertinent information will be promulgated as designated by EM-1 and transition package turned over to HQ organization. |

Section 1.1 Scope Adjustment Summary Statements

The *Focusing EM Program Resources on Cleanup Project Team* evaluated all EM project activities with emphasis on Federal resource and business systems affecting resource utilization. The Project Team packaged information into Scope Adjustment Summary Statements (SASSs) that summarized fundamental weaknesses or breakdowns in Federal business systems requiring evaluations and corrective actions.

Specific scope adjustment themes defined by the Project Team and approved by the Assistant Secretary include: eliminating use of EM funds to augment directed work or work for others; preventing informal project work scope creep on contracts; eliminating duplicative Field and Headquarters functions; eliminating remnants of former mission scope; initiating routine reviews of Federal expenditures; revising EM Headquarters business systems to improve project communication; and connecting Field Element contract commitments, i.e., Government Furnished Services and Items (GFSI) to Headquarters actions.

The individual sites and Headquarters elements have all initiated actions to address the project reports in response to the Focusing EM Program Resources on Cleanup Project and the many other initiatives sponsored by EM-1. The success and effectiveness of corrective actions varies from site to site. The magnitude and depth of cultural change needed to address these core issues will require significant effort and management attention over a long period of time.

Scope Adjustments Summary Statements were developed for each Field Office and grouped into four focus areas: Mission Focus Area; Contract Focus Area; Efficiency Focus Area; and the Regulatory, Tribal, and Stakeholder Focus Area. A composite of findings in each area is provided below.

Mission Focus Area

Previous Mission Scope has not been eliminated from program: Remnants of previously acceptable business practices and previous missions were identified as scope beyond the current EM cleanup mission. Although new work is reviewed for mission relevance, no systems or processes exist to periodically review existing scope.

Contractors are not challenged or incentivized to reduce requirements and scope: At all sites, opportunities exist for Federal staff and the contractor to challenge requirements or revise work strategies for acceleration. Critical to these efforts is ensuring the contractor is incentivized to challenge requirements and the status quo; and Federal staff willingness to objectively evaluate and fully pursue appropriate barrier elimination.

Requirements are not minimized: Activities continue to be funded that are based on requirements, but seem to exceed requirements defined in law, regulation or DOE Orders. The Team did not perform a technical review of the requirements or point-by-point compliance evaluation, but provided input based on experience and observation at other DOE sites.

Expectations for Federal staff are unclear: Field Office and Headquarters management have not clearly communicated to the Federal staff specific expectations for urgent actions promoting acceleration of risk reduction and completion of Environmental Management work. Federal staff have yet to fully understand the concept of closure, and they are unsure of Federal roles and responsibilities associated with the shift from contractor management to contract management. Management has also not established a level of understanding within Federal staff that facilitates development and implementation of systems supporting accelerated cleanup.

Headquarters and Field Roles and Responsibilities are unclear: EM Headquarters staff lack clear understanding of relationship between Headquarters and Field mission functions, leading to inefficient use of resources. Activities performed by many of the staff are not consistent with current organizational expectations regarding policy and oversight and are holdouts from prior business practices. The communication between Headquarters and the project sites is not effective and is impacting project execution. The line organization lacks a clear process for transmitting project needs and project decisions, such as GFSI, from the sites to Headquarters.

Contract Focus Area

Contract Structures do not support Acceleration: Some current contract structures and business relationships do not appear to support acceleration of Environmental Management work and distract management attention away from completion of Environmental Management work. Contracting strategies are not in place to address execution of multiple (existing or future) contracts in parallel with multiple Principle Secretarial Offices (PSOs). Multiple contracts will need specific Federal experience to deal with issues relating to multiple PSOs, which does not appear to exist at the site. Multiple contracts, contract types, and contract requirements result in numerous integration issues, and opportunities for improvement.

Contract Management Protocols are outdated: Many offices have initiated actions to reduce guidance from Federal staff to contractors, however, continued focus and diligence is still needed. Site contractors report that the transition from “contractor management” to “contract management” by Federal staff is still not complete. The main focus should be to ensure interfaces between contracts, contractors, and Federal programs result in enhanced performance. Federal micro-management of site contractors still exists at many sites. This behavior inhibits the contractors from being aggressive and innovative in executing the EM mission.

Efficiency Focus Area

Prioritized Decision Making systems are not in place: Systems to integrate and prioritize decisions involving multiple EM sites or actions required to meet EM program objectives or contract requirements are not in place. Lack of this integrated and prioritized decision-making process for complex wide issues is resulting in delays to projects, or continuance

of lower priority activities at the expense of more critical work. Opportunities exist for decisions to be made providing efficiencies across the complex.

Lack of Sense of Urgency: Project personnel are generally aware of many of the specific issues and programmatic weaknesses, but lack a sense of urgency and an integrated project control system to efficiently manage the projects. No process exists to evaluate EM Headquarters or Field Offices' Federal Staff utilization for maximized efficiency. Critical GFSIs to support closure need to be identified and tracked at both Headquarters and the Field Offices. Resource levels are more than adequate for identified work scope. To fill the void created by the lack of an integrated work product oriented framework, Headquarters management and staff-level employees have assumed work or have developed work tasks to occupy staff. This self-directed work often results in duplication of tasks between organizations or work is conducted at an inappropriate level of detail.

Regulatory, Tribal, and Stakeholder Focus Area

The Field Offices have not taken advantage of the momentum generated in the Letters of Intent signed with site Regulators to improve relationship with Regulators and establish systems to identify, elevate, and resolve issues. Examples include inadequate prioritization and sequencing of work to accelerate risk reduction. Delineation of Department of Energy and Regulator responsibilities continues to evolve and results in inefficient interactions often not based on existing requirements or agreements. The description of work and DOE commitments are defined in multiple mechanisms including grants, leases and contracts making oversight of the scope and commitments difficult. This duplication is inherently confusing and makes tracking accountability of task with associated funding very difficult.

Note: A comprehensive review of this area was completed by the Deputy Assistant Secretary, Office of Policy, Planning and Budget. Results of this review are being executed through combining funding mechanisms, adjusting relationships to be contract-based with a direct relationship to the Department, and working with Regulators, stakeholders and tribal groups to develop specific deliverables related to EM work execution.

Section 1.2 Summary of Site Actions and Progress

The SASSs identified throughout the course of the project resulted in a number of quantifiable EM project savings/cost avoidances, and many more that are not quantifiable but are important to improving project performance and transforming the Federal culture to project based with a closure mindset.

The project sites have all initiated corrective actions as a result of transmission of the Focusing EM Program Resources on Cleanup site review report and other Assistant Secretary initiatives. The progress varies across the complex and is summarized in Appendix A and the narrative below. The summaries describe site progress based on subjective analysis of site activities during the Project Team visit, subsequent corrective

action plan submission, and the extent of program changes noted during the Headquarters non-labor resource reviews, as well as formal and informal meetings with site personnel and management.

Carlsbad

The Carlsbad Field Office (CBFO) has been proactive in taking actions to respond to weaknesses identified by the Project Team. The site was one of only a few sites to perform a detailed analysis of all project work scope and project systems to address augmentation of work for others and directed work. Contract changes were also initiated to increase work scope and accelerate waste disposal and accelerated cleanup at sites across the complex. CBFO has reorganized to execute the Federal role of contract management more effectively and initiated development of a Federal resource estimate and baseline. Federal resource expenditures are receiving review and are controlled by management, and over \$10 million of reductions from the FY 03 program level were identified by the site. The most significant remaining issues are related to continued duplication of national transportation functions and payments to States and regulators. Overall, very significant progress and commitment to improvement are noted.

Headquarters

The majority of the initiatives to drive the reforms necessary to achieve the EM goal of completion by 2025 and life-cycle baseline reductions of \$100 billion are driven directly by the Assistant Secretary and Headquarters. Major focus areas include project management, acquisition strategy, management systems, and human capital utilization. The Chief Operating Officer for EM continues to develop process and system descriptions to clarify these initiatives, and the approved description and associated Headquarters organizational protocols will be completed within the next few months. A listing of activities in these areas is as follows:

Project Management

- Life-cycle baselines reviews are scheduled for all project work by Headquarters-led teams including baseline approval and follow-ups (scheduled for 9 months after approval)
- Corporate performance measures (Gold Chart) established
- Consolidated Government Furnished Services and Items List being developed
- Integration of Performance Management Plans and development of schedule options under development
- All EM resources under change control with an approved process
- Corporate Projects established to implement recommendations of Top-to-Bottom review
- Transfer of functions (as appropriate) that distract management focus from cleanup initiated and continuing

Acquisition Strategy

- Review of all current contracts and incentives complete
- Development of acquisition strategy for budgeted work scope complete
- Modification of multiple contract mechanisms/contracts in progress

Management Systems

- Configuration Change Control Board established and maintained
- Contract Management Advisory Council established and maintained
- Hiring Process controls in place
- Budget structure (all PBSs as Projects) reconfigured to align with acceleration initiatives
- HQ organizational structure revision in progress
- Project reviews and validations based on DOE Order 413.3 principles initiated and continuing
- Performance Reporting and Improvement under development

Human Capital

- Right-sizing organization initiatives in progress
- Organizations based on accelerated clean-up mission being established
- Rotation of management initiated and continuing
- Mentors for senior executives established
- Succession planning for leadership in progress

Although progress seemed splintered by multi-pronged execution strategy, efforts are coalescing and monumental progress is being realized. The project team believes continued focus on contract reform and management support of continued improvements is critical for success.

Hanford

The site continues to struggle with coordination between two on-site Project Offices at Richland and the Office of River Protection. Significant energy is being expended to make changes at the site, however, long standing practices and attitudes are lingering. The corrective action response identified some changes but also provided justification for continuing many existing activities. The most significant change is related to identifying Federal resource needs and despite the extensive system chosen, appears to be emphasizing elimination of unnecessary activities and control of Federal resources. The project sites did propose reductions in FY 04 programs, but review by the Headquarters Change Control Board indicated additional reductions were warranted. Overall, progress is being made by individual managers at the site and system changes are underway, however, more dramatic changes will be necessary to affect the required changes. (This is consistent with the length of the projected site life-cycle and the level of investment at the site, i.e., focusing on closure is difficult with 20-30 year life-cycle and nearly \$2 billion annual program.)

Savannah River

The Savannah River Site has the most well defined systems and well developed project technical execution strategies of all project sites. Although this is advantageous to management in ensuring current project plans are followed, the structure is resistant to constant change and shift of project risk from the Department to the contractor. The site also has a tendency to over-analyze issues and resists actions without detail strategies that define all actions and solutions prior to changing course.

The site established multiple teams with specific charters and expectations to address the Project Team report, and progress is being made to change long-standing practices. Additionally, a modification to the main site contract promises to incentivize more work scope and drive project acceleration. The new Federal management team is beginning to make changes to overcome institutional barriers. The Federal staff has been moved to new facilities and is reorganizing functions around an EM Cleanup Deputy and acceleration functions. Federal resources are being re-evaluated and are now under change control. Additionally, changes to financial systems to link cost codes to work projects are being made to support expectations that Federal staff perform more independent project analysis.

The site did not reduce their overall program needs from FY 03 and adjustments by the Headquarters Change Control Board were warranted. Overall, the site is making progress considering the complication of other work that is being performed at the site and the institutional systems that must be overcome. If management emphasis continues, the well-defined work scope and well-defined systems could be used as an asset as excess requirements are proposed for elimination.

Idaho

The Project Office at Idaho is working through major issues associated with transition of the LPSO functions to the Office of Nuclear Energy. The remaining management team is performing in an acting capacity and does not have clear authority to complete regulatory and contract representation activities. However, they are developing a new contract for the cleanup work. The current system is not conducive to immediate change and compounds confusion associated with the site transition.

Despite the transition, actions to select a new Federal Project Director (Assistant Manager for Environmental Management, AMEM) are underway, a new contract incorporating contract reform elements is being developed, Federal resource needs are under evaluation, and new project oversight systems are being developed. The site did propose minor adjustments to Federal program levels, however, comparison to last year's levels was not practical. Overall, progress has been limited and the fundamental issues are still not well understood by site personnel, however, management and contract changes will help accelerate needed changes.

Ohio

The Ohio projects have been jump-started by recent management changes. Sheer necessity of 2006 closure is driving acceleration and addressing many issues raised by the Project Team. The Ohio Federal Project Management team was the most pro-active of all the sites reviewed and considered the recommendations necessary to success. Changes have been or soon will be made to change management focus to move Federal personnel, to revise project contracts, to clarify regulatory requirements, and to evaluate and projectize Federal resources. A reorganization to support these initiatives is also underway. The sites continue to overcome personnel turnover and will need support from Headquarters and the proposed Consolidated Business Center. The site continues to reduce Federal program needs significantly as previous practices of pre-funding contracts was stopped, and these funds were applied to work acceleration by the site contractor. Little adjustment was needed or made by the Headquarters Change Control Board. Overall, the Ohio projects are on tract to meet or exceed closure dates and are continuously working to improve the probability of success.

Oak Ridge

The Oak Ridge Operations Office has taken some actions to address issues identified by the Project Team report, mainly as a response to outside forces and with less than predicted impact. The EM work continues to be linked to other site work causing continued inefficiencies. Additional distractions associated with the segregation of the Paducah and Portsmouth work to the Lexington Office are slowing acceleration initiatives. A new Project director has been hired for EM activities, and is working on multiple contract actions to incorporate performance-based contracting principles into the contracts. Expertise in closure project systems is being acquired and independent oversight systems are being developed. Proposals for Federal program levels in FY 04 did reflect significant reductions and only small adjustments by the Headquarters Change Control Board were necessary. Overall, the project will need significant support for the EM Federal Project Director and follow-up to ensure contract and system changes are effective.

Chicago and National Nuclear Security Administration (NNSA) Sites

EM has taken advantage of the Department's definition of successful project management systems in DOE Order 413.3 and is beginning to become more proficient in utilizing these concepts to execute work. However, the Project Team found evidence that EM activities and projects being conducted by EM Federal Project Directors at sites with a non-EM Lead Program Secretarial Officer (LPSO) or Deputy Administrator face many challenges. The challenges emanate from unclear lines of authority, limitations in contract and regulatory representation, and fragmentation of Federal resource and organizational control.

The Project Team recommends that the Assistant Secretary pursue changes in Department policy to address this weakness. Modifications of site business processes and systems to

provide the Federal Project Directors with the appropriate budgetary, contractual, regulatory and personnel authority to facilitate execution of their duties as defined in DOE Manual 413.3-1 must be directed.

Progress and Impact Summary

The list of activities and associated program levels eliminated over the course of the past year and associated program cost savings or avoidance are described in Appendix A, and estimated to be approximately \$59 million. Opportunities for savings within the Field and Headquarters Federal resource have been estimated to be many times higher over the project life-cycle. Greater opportunities for reduction in life-cycle savings related to these SASSs have also been shown.

Section 1.3 Business Process Evaluation and related Policy and Business Process Changes

The Project Team process has provided conclusive data that there is substantial opportunity to improve EM performance through more detailed scope definition and assignment of accountability. The highest levels of EM Management have demonstrated their commitment to increased acceleration and improved efficiency of the work scope managed by EM. However, the Project Team found the EM Management commitment is not widely shared and understood in the EM organization, and to assure its longevity, must be continuously reinforced and formalized. In some Field Office settings, a desire to maintain historic missions and infrastructure of the weapons complex remains entrenched and is impacting the efforts to accelerate closure. The EM expectation that this infrastructure be removed has not been universally implemented. The Project Team observed an on-going need to solidify the EM mission.

Reinforcement of the EM mission consists of a continuous message of efficiency and acceleration emanating from the highest levels of EM Management. This reinforcement must consist of a continuous questioning of the legitimacy and integrity of Field Office expectations, decisions, performance reporting, and performance plans. Through this reinforcement the organization is trained to focus on mission expectations, product quality, understanding change, and optimizing performance. Following are the key EM expectations that the Project Team found to be not widely shared or understood:

- Contract reform expectations
- Federal roles and responsibilities both at Headquarters and in Field Offices
- Personal expectations of Federal staff to the execute the EM mission
- Contract and contractor management and oversight expectations
- Safety oversight and participation expectations
- The meaning of efficient and high quality Federal organization performance

A number of formal mechanisms to reinforce management excellence in EM have been recently initiated or retooled and are positively addressing a number of the concerns

identified by the Project Team. These formal mechanisms combined with a real sense of urgency within EM Management and the widespread implementation of incentive-based contracts appears to be effectively beginning the process of refocusing the larger EM organization on acceleration.

The Project Team believes the EM initiatives listed below are significantly contributing to the refocusing of the EM organization and should be maintained and allowed to mature. These initiatives include:

- EM Change Control System for Performance Management Plans and Gold Chart execution
- EM Event Notification reporting criteria for safety
- Focused SES Performance Plans built to support Gold chart and Safety Performance
- Annual Non-Labor Program Direction Reviews
- Standardization and simplification of Project Performance reporting by quarter to EM management
- Project risk identification and management

Establishing individual site baselines with Federal schedules will allow the sites and Headquarters to specifically determine the DOE scope and corresponding contractor expectations. The DOE site personnel must establish the project cost and schedule and accountability in order to develop their baseline. DOE accountabilities would likely include GFSI, regulatory negotiations, stakeholder interface, stewardship requirements, and EM office closeout actions allowing for assignment of accountability between the Field and Headquarters. Given schedule objectives from the baselines, the DOE will be able to implement an incentivized contract vehicle, determine the appropriate contract oversight and administration needs, and control DOE Federal mission performance.

Establishing baselines and maintaining the mission mindset in change control will allow for credible status reporting, GFSI need projections, and risk management. Additionally, implementation of baseline and incentivized contracts should instill a sense of urgency and closure mentality that are presently far less than EM senior management expectations.

EM, with the support of the Project Team, has developed a Headquarters Process and System Description that describes the systems EM has or is implementing to assure consistent and focussed action to successfully complete the EM mission. This description is scheduled for completion in the next few months.

The EM Focusing Program Resources on Cleanup Team identified a series of opportunities for improvement both within EM Headquarters and EM Field Offices. Site Reports have been sent to each Office evaluated with a requirement to develop and implement Corrective Action Plans. Additionally, the Project Team worked with the Assistant Secretary to establish guidance and policy related to the *Focusing EM Program Resources on Cleanup Project* and other initiatives in the following areas:

- Guidance on work for others and directed work
- Oversight and Assessment Policy

The Project Team also provided business process changes input to EM-1 including:

- SES and Federal Project Director Performance Standards to be added to each EM SES and Federal Project Director Performance Plan to institutionalize key attributes and cost saving principles associated with mission oriented work scope
- EM policy for the sites to generate and maintain a Federal resource plan and baseline

The *SES/Federal Project Director Performance Standards* and the *EM Federal Baseline Development Policy* are provided in Appendix B. All policy and business process changes are summarized below.

Guidance on the work for others/directed work: The Project Team found that the sites were utilizing EM funds to augment activities supporting other mission work and work directed by other customers and congress. The augmentation was often related to indirect activities such as equipment maintenance, utilities, permit changes, and other support functions. The Assistant Secretary directed that sites evaluate all EM funded activities to ensure this practice was eliminated and that financial systems connect all work activities to appropriate fund sources.

Oversight and Assessment Policy: The Project Team identified weaknesses in independent project oversight and assessment by Federal personnel, use of informal direction to the contractor to transmit deficiencies, and weaknesses in systems to integrate health and safety data with project cost, scope, and schedule information to develop integrated project performance analysis and performance trending. The Assistant Secretary directed that sites submit plans to describe how these requirements are met including how each organization provides added value to the project.

SES/Federal Project Director Performance Standards: The additions to current performance standards in Appendix B require an ongoing focus on efficiency and optimization of Federal managed resources. Each Manager and Federal Project Director must establish a strategy to demonstrate that project efficiencies have been identified and implemented to reduce project cost, scope, and schedule or to increase the probability of project success.

EM Federal Baseline Development Policy: The policy in Appendix B describes a requirement for each Project Office to develop and manage Federal resources within a project baseline context. The baseline must describe the Federal project cost, scope, and schedule, and be integrated with the contractor baselines for project execution.

The policy and business process changes serve as the foundation for institutionalizing the concepts described and executed by this corporate project. These changes, coupled with the continuation of these “comptroller” type functions by the Headquarters organization, ensure continued EM project improvement.

Section 1.4 Sound Practice Summary Statements

The Project Team identified elements of sound practices at each of the project sites, however, none of the practices were mature or operated as efficient complete systems and

did not necessarily yield repeatable results. The sound practices identified by the Project Team and included in the Site Review Reports are based on individual efforts and generally are not institutionalized across the entire site project. The practices did represent key attributes that the Project Team believes are critical to all project sites where EM work is being performed. These are critical elements for the Federal Project Director and the Federal organization. The key attributes include:

- Sense of urgency to get work done exists from the Federal Project Director to every level of staff
- Multiple strategies for success have been established, are being worked, and are understood by all Federal personnel
- Federal resources are aligned around critical path project elements
- Federal resource estimates have been developed based on Federal contract management role and are constantly evaluated and revised as appropriate
- Change control of Federal resources is established and utilized
- Expectations and specific deliverables and due dates are communicated to all levels of Federal staff, including Federal role in baseline validation, mission strategy, contract management, project acceleration, and maintaining safety oversight.

The key attributes apply to work at all EM project sites and improvements related to each element appear to be additive.

Section 1.5 Site Closure Lessons Summaries

EM has developed a substantial inventory of proven strategies and methods for accelerating risk reduction within its cleanup mission. The most successful large-scale project is occurring at Rocky Flats where significant improvements in closure schedule and cost have occurred. EM intends to apply the specific Lessons Learned at Rocky Flats to other sites with similar missions as well as sites where the applications apply.

The Focusing EM Program Resources on Cleanup Project Team evaluated the applicability and the sites progress towards execution of each of the following lessons learned:

- Insisting on an Uncompromising Pursuit of Performance
- Creating and Implementing a Closure Project
- Implementing a Performance Based Contractual Strategy
- Innovative Project Planning and Delivery
- Effective Management of Human Resources
- Innovative Application of Technology and Requirements

The lessons are generally applicable at all project sites. Individual evaluations are included in the CD-3 site review reports. The most effective mechanisms for promulgating these lessons has been through Federal management assignments, changes in contracts, and continued emphasis on project deliverables, and project configuration

change control. The project sites are having a wide range of success in responding to these efforts.

In general, project sites are transitioning from a practice of extending work scope and completion schedules with fluctuating annual funding levels to one of defining project end states and using contract incentives to meet project schedules and objectives utilizing available resources. Offices are struggling to define the Federal role in project execution and the steps necessary to transition functions and government liability to other Department elements. The sites appear to be gaining momentum as changes to contracts are being contemplated and project scope is becoming clearer. Contract changes that properly incentivize the contractor to complete work are also underway and critical to project success. The sites are also making progress working with the regulators to reach agreement on sound technically based cleanup standards. Further work will be necessary to delineate the appropriate distinction between contractor, Department of Energy, and regulator activities in agreements and contracts.

Particular attention will be needed at sites where EM is not the Lead Program Secretarial Officer (LPSO) to best execute the remaining project work scope. At most of these sites, resource estimates based on the Federal role of corporate strategist and contract manager have not yet been developed or captured in a Federal life cycle baseline to reflect the required Federal investment in the project. In parallel with the Federal life cycle baseline development, improvements in independent project analysis and control are imperative for completion of the EM work scope. Few sites have a mature system to assure that other sites and Headquarters are made aware of the timing and criticality of complex actions on closure progress. Additionally, the detail level on a number of Government Furnished Services and Items (GFSI) and completeness of the listing appears insufficient to assure the right things are delivered at the right time by the right individuals.

The Project Team reviewed the EM activities that are being conducted at NNSA sites. In addition to issues described previously, these EM projects typically represent a very small percentage (1 to 10%) of the total budget at each individual site. The Project Team found that NNSA maintains control and authority over EM work scope, resources, personnel, and essential components of the project management system including cost, schedule, scope, contract structure /incentives, and Federal and contractor project performance. This model does not align with EM project management principles and is not conducive to institute the necessary changes to create an ambitious EM site closure mind-set. Changes to business systems are being requested through the Assistant Secretary for the Deputy Secretary of Energy to allow EM Federal Project Directors at these sites to be successful.

Section 2.0 Project Transition

The Project Team completed all project requirements and significant changes are underway within all elements of the EM project to ensure program resources are focused on cleanup. The magnitude of the changes and the momentum needed to ensure that progress continues cannot be understated. Essentially the entire culture of building and managing a perpetual program is being broken down and replaced with a project mindset of completion and closure driven by rigorous controls and accountability. The institutional changes currently either completed or underway at Headquarters and the project sites will support this transformation. The Project Team recommends follow-up in several areas to ensure that the progress made to date becomes the foundation for further improvements and enhanced project performance. The focus of these efforts should include:

1. Monitoring and evaluation of SASS corrective action progress and completion
2. Periodic reviews of site specific Federal baselines to determine if scope, schedule and costs are consistent with the EM business strategy and objectives
3. Periodic reviews of site-specific integrated baselines (to include contractor baselines) to identify opportunities for further acceleration of work and cost reductions
4. Formulate and propagate policy and lessons learned regarding EM business systems and performance improvements

The Project Team will maintain the project files in accordance with applicable DOE requirements. In addition, the Project Team developed a complete Transition Package for assignment to a Headquarters organizational element prescribed by the Assistant Secretary. The transition package contains the following project data:

- Focusing EM Program Resources on Cleanup Corporate Project Critical Decision 0 (Mission Need) Package
- Focusing EM Program Resources on Cleanup Corporate Project Critical Decision 1 and 2 (System Requirements, Conceptual and Detailed Review Process Design, and Performance Baseline Approval) Package
- Focusing EM Program Resources on Cleanup Corporate Project Critical Decision 1 and 2 Clarification Letter
- Focusing EM Program Resources on Cleanup Corporate Project Critical Decision 3 A through I (Site Review Reports) Packages
- Corrective Action Plan Responses to CD-3 assignments from each project site and Headquarters
- Policies and guidance for project execution
- Other pertinent project documentation

The key attributes described in Section 1.3 for successful EM project execution should be the basis for future organizational assessment criteria. Priority for follow-up should be based on the site Corrective Action Plans, and Progress Summaries described in Appendix A, the summaries provided in Section 1.2, and Site Closure Lessons Summary.

Section 3.0 Final Project Closeout

Project Alignment with the Principles of DOE Order 413.3

Performance of project activities by the Project Team aligned with the principles of DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*. Although information and decisions were the products acquired instead of capital assets, the project management principles and discipline instilled by the Order were instrumental in the success of this review project. However, it was necessary to apply a graded approach to using the Order since not all of the requirements were directly applicable to this type of project. The Critical Decision (CD) process served as the basis for ensuring the project satisfied the Acquisition Executive's expectations.

At CD-0, the Project Team presented the team charter, mission need, and a conceptual design of the review process that would be used to attain information for the project. Specifically the process identified what type of information would be acquired, the types of decisions that would be presented to the Acquisition Executive, and an estimate of the personnel and travel resources which would be necessary. Following CD-0 approval, the team tested the design by conducting a prototype review at the Carlsbad Field Office. The results of this review were used to further define the review process that was presented in a combined CD-1 and CD-2 package. In addition, a project schedule with site visit dates and a refined estimate of needed resources to execute the project were included. All activities defined in the CD-1 and CD-2 packages were completed on schedule and within resource parameters. (Reference Appendix C)

During the execution phase, the Project Team acquired information from the sites by conducting interviews and reviewing documents. This process involved pre-trip preparation such as reviewing budget data, contracts, organization charts, and project status reports prior to the visit. The site visits typically required five team members, each assigned to certain functional areas depending on the site's organization and projects. Interviews were conducted with the management team, a cross-representation of staff, and representatives from contractor organizations to ensure coverage of the entire project organization. Documents such as business system procedures, contract statements of work, individual annual performance plans, and examples of Federal staff products (weekly reports) were examined.

After each site review a report was then prepared and presented to the Acquisition Executive at CD-3 with the review results and any recommendations. The CD-3 reports were used to document approvals and assign actions. In addition, policies were prepared for EM-1 approval and promulgation. The products (reports and policies) developed by the team performed as expected with sites preparing Corrective Action Plans for their assignments. However, it should be noted that the Site Reports alone were not sufficient to instill a sense of urgency and to develop a closure philosophy at the sites. Evidence of this was that in most cases it took multiple iterations of Corrective Action Plans followed by conference calls with the site to assist them in developing their Correct Action Plans. It will take additional work from EM management to institutionalize this new culture. The products developed in CD-4 are intended to assist in that process by providing a transition to the new organization responsible for implementing the project recommendations.

Project Team Performance

The four-week cycle of site reviews for the Project Team generally was adequate. It allowed for two weeks of preparation time prior to the site visit, one week at the site for interviews and data gathering, and one week to prepare the report prior to meeting with the Acquisition Executive at each CD-3. Site visits ranged from one day (Oakland) to two weeks (Hanford) with most sites visits lasting one week including travel days. Site visits began with briefing to the site management team to explain the team's mission, process and schedule and team orientation. During that initial briefing the logistics for Project Team office space, interviews, site tours, and the close-out brief were finalized. It was helpful to the team if a single point of contact for the site was established to coordinate all data and information requests.

Federal staff were interviewed at the top two tiers of the organization. Thirty to sixty minute interviews were conducted either in a central location or the person's office being interviewed, which ever least disruptive of the site's staff. The contractor interviews were limited to the one person responsible for interfacing with the government on that contract.

Each team member was responsible for documenting the issues and observations identified in the interviews and document reviews. Prior to the close-out brief, the team assembled all of the individual issues and observations on post-it notes and binned them into to similar categories or themes. These categories later became the Sound Practice Summary Statements and Scope Adjustment Summary Statements.

With seven part-time members, the size of the Project Team appeared to be large enough to offer sufficient diversity of Field and Headquarters experience, provided enough resources to complete assignments on schedule, yet was small enough to simplify communications and logistics (normally 4-6 per site). Travel costs on the average were lower than estimated (\$1400 actual per trip versus \$2000 estimated) due to some trips being accomplished in less than a full week and by sharing rental cars when ever possible. Total project travel cost was \$64,255.

The Project Team compiled an analysis of the requirements in DOE Manual 413.3-3 for project transition and closeout associated with CD-4. Appendix D contains a cross-walk between the deliverables described in Chapter 7 of DOE Manual 413.3-3 and the Focusing EM Program Resources on Cleanup Project CD-4 package demonstrating all requirements were met.