

**U.S. DEPARTMENT OF ENERGY
IDAHO OPERATIONS OFFICE**



**ENVIRONMENTAL MANAGEMENT PROGRAM
CONTRACT OVERSIGHT PLAN**

(Revision 2)

August 2007

EXECUTIVE SUMMARY

The DOE Environmental Management (EM) Program is responsible for managing a variety of radioactive and hazardous wastes at the Idaho Site that originated from numerous DOE missions at the Idaho Site and from other DOE facilities.

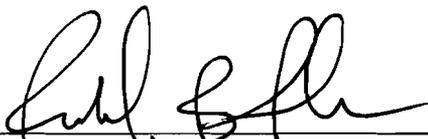
Central to DOE-ID's administration of the EM Program is the oversight and evaluation of contractor performance. In order to verify performance, a systematic process of assessment, evaluation, analysis, documentation and feedback will be required. DOE-ID will work to ensure that the execution of all contract oversight activities are focused upon risk reduction and are tailored through the oversight planning process to support the safe accelerated cleanup of the site.

DOE-ID intends to conduct oversight of all EM Program-related contracts based on the requirements of the contract, laws and regulations, contract List B requirements and risk. Oversight will be structured on the EM Program configuration, taking into account the overall risks associated with each project or function and adjusting oversight according to performance. The intent is to focus upon systems and outcomes within a broad set of guiding principles, performance metrics, and sound institutional controls that are verified by an effective Contractor Assurance Program as required by DOE O 226.1.

This Oversight Plan has been prepared in accordance with Section H.3 of the ICP contract and the requirements of DOE-ID's Process Description Document (PD) 03.PD.04, "Contract Oversight." This plan is provided as a Government-furnished service to the EM Program contractors in order to provide a management level overview of the process and approach DOE-ID will apply in the conduct of oversight. This plan will be supplemented by a three-year schedule of assessments and a ninety-day execution schedule that will be maintained by DOE-ID in accordance with the Special Contract Requirements of the ICP contract.

DOE-ID will use oversight results to help make informed, fact-based decisions regarding the adequacy of contractor performance, and to determine where DOE-ID oversight activities may require adjustment.

Approved:



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ENVIRONMENTAL MANAGEMENT CONTRACT OVERSIGHT PLAN

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I. INTRODUCTION

The Idaho EM Program is a DOE Environmental Management Program responsible for managing a variety of radioactive and hazardous wastes at the INL that originated from numerous DOE missions at the Idaho Site and from other DOE facilities. EM is treating, storing and disposing a variety of waste streams, cleaning up the environment, removing or deactivating unneeded facilities and will remove DOE's inventory of spent nuclear fuel and high-level waste from Idaho.

DOE-ID intends to conduct oversight of the EM Program in accordance with DOE Order 226.1, "Implementation of Department of Energy Oversight Policy." While maintaining operational awareness across the range of the EM Program, DOE-ID will focus its assessment efforts upon risks and requirements using the most appropriate methodology. Oversight will be based on the requirements of the contracts, laws and regulations, contract List B requirements and risk. Oversight will be structured based on the EM Program configuration, taking into account the overall risks associated with each project or function and adjusting oversight according to performance. The intent is to focus upon systems and outcomes within a broad set of guiding principles, performance metrics, and sound institutional controls that are verified by an effective contractor assurance program.

DOE-ID will work with contractors, regulators and stakeholders to streamline and expedite environmental cleanup at the Idaho Site. DOE-ID will work to ensure that contract oversight activities are focused upon requirements and risk reduction and are tailored to achieve the safe accelerated cleanup of the site. DOE-ID is committed to provide the Government Furnished Services and Items in a timely manner and to work with the contractors to achieve the goal of safe accelerated completion of projects under the target cost by the specified contract date.

II. PURPOSE

The major purposes of EM Program oversight are to ensure conformance with contract requirements, ensure the adequacy of systems, improve the reliability and effectiveness of operations, and to evaluate performance.

This plan is provided as a Government-furnished service to the EM Program contractors in order to provide a management level overview of the process and approach DOE-ID will apply in the conduct of oversight. This plan will be supplemented by a three-year schedule of assessments and a ninety-day execution schedule that will be maintained on the DOE-ID website. This plan will be updated as necessary as changes occur.

III. SCOPE

The scope of this oversight plan includes oversight activities conducted by, or on the behalf of, DOE-ID. The scope of DOE-ID oversight of the EM Program shall include all work performed within or funded by the EM Program, including work performed by DOE-ID prime contractors, subcontractors, State and other Federal agencies, and by DOE-ID, including other DOE-ID direct contractors. This oversight will include all work conducted on behalf of the EM Program as well

as any work performed within the physical boundaries of EM projects. Oversight includes ensuring conformance with requirements, conducting assessment activities, conducting performance measurement and evaluation, and evaluating contractor assurance activities. The results of performance assessments will contribute to performance evaluations. The EM Program Federal staff, DOE-ID organizations outside of EM, or independent organizations, such as the Defense Contract Audit Agency (DCAA) acting on behalf of DOE-ID or DOE Headquarters may conduct oversight.

Not included within the scope of this plan are those assessments or investigative activities conducted independently by organizations outside of DOE-ID such as the DOE Office of Inspector General (OIG), DOE-Headquarters, the General Accounting Office (GAO), the Office of Management and Budget (OMB), Defense Nuclear Facilities Safety Board (DNFSB) etc. Oversight performed by organizations outside of DOE-ID will be conducted in coordination with the CO and COR. DOE-ID will make reasonable accommodations in oversight scheduling in the events of such independent activities in order to minimize the impact upon the contractors.

For purposes of this plan, the term *oversight* is inclusive of all activities associated with EM Program performance assurance including operational awareness and assessments. (See Attachment 4 for a more complete definition of DOE-ID oversight terms.)

IV. RESPONSIBILITIES AND AUTHORITIES

Pursuant to the contract and under the authority of the Contracting Officer, DOE-ID supports timely execution of the EM Program with day-to-day project oversight, contract management, and rigorous adherence to and execution of a federal baseline schedule.

The DOE-ID staff will be trained and qualified in the respective area of cleanup work responsibility and shall have unencumbered access to facilities and available information. The staff will use facility visits to assess effective compliance with requirements. All DOE-ID personnel have the right to stop any activity, if continuation of that activity would either be considered an imminent danger situation or have a negative impact on the environment, safety or health of the site, the workers or the public. DOE-ID staff will document any identified issues or concerns, give the contractor an opportunity to provide a factual accuracy review, and submit issues or concerns to the CO and COR for consideration.

The Deputy Manager for Idaho Cleanup Project, Federal Project Directors, and Project Team Leaders will each expend 200 hours per year in the field performing oversight-related activities.

Deputy Manager for Idaho Cleanup Project: Sets the oversight and performance expectations for the EM Program and is the primary project manager and Contracting Officer's Representative with ultimate responsibility for timely execution of the EM Program, including the Idaho Cleanup Project and the Advanced Mixed Waste Treatment Project.

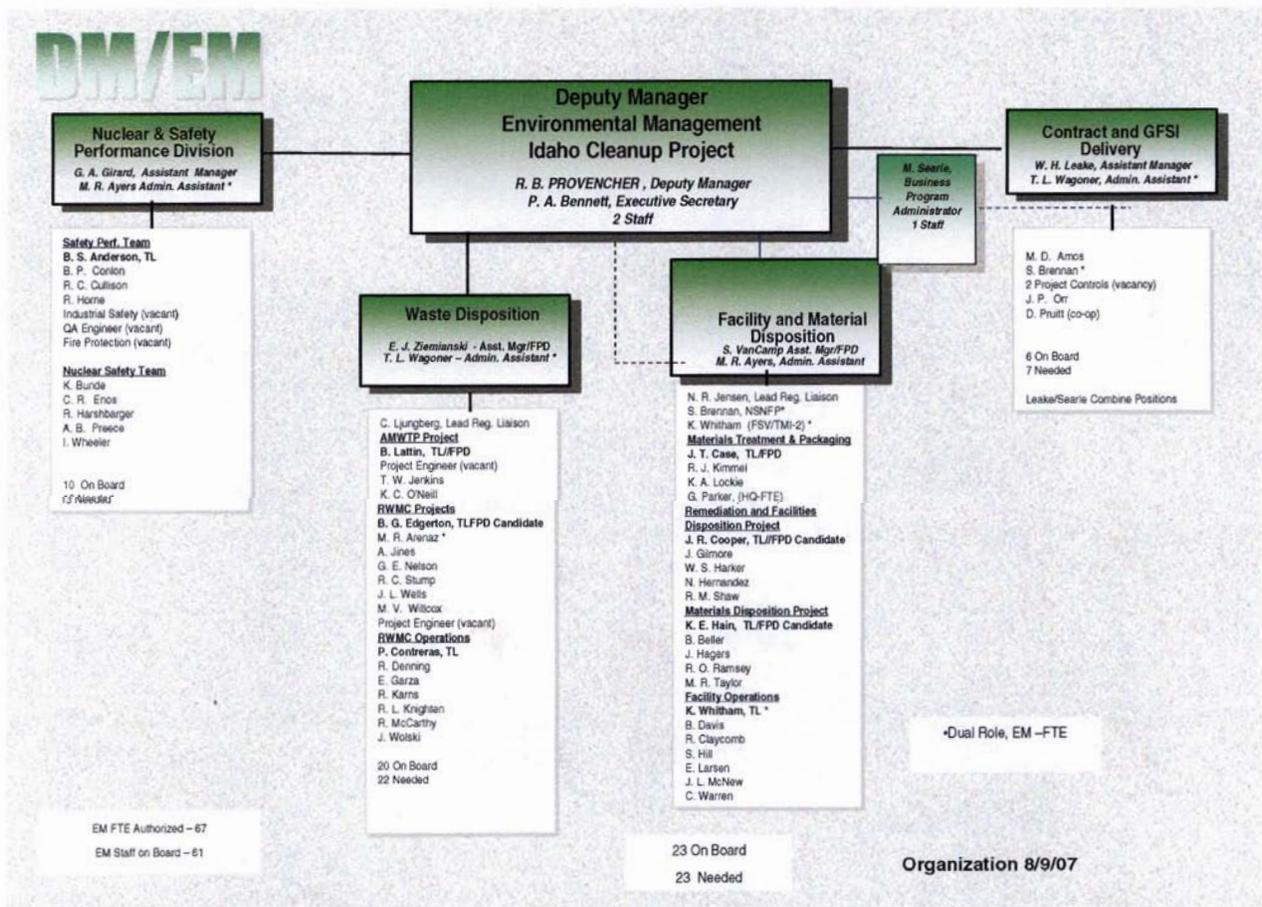
DOE-ID Chief Counsel: Is the Contracting Officer's Representative for legal matters pertaining to the Idaho Cleanup Project.

Assistant Manager for Administrative Support: Is the Contracting Officer's Representative for business management for the Idaho Cleanup Project and the Advanced Mixed Waste Treatment Project.

Director, Security Division: Is the Contracting Officer's Representative for security and cyber security matters for the Idaho Cleanup Project and the Advanced Mixed Waste Treatment Project.

Federal Project Directors (Assistant Managers for the Waste Disposition and Facility and Material Disposition Projects): Implement the goals and objectives established by the Deputy Manager for Idaho Cleanup Project, ensure the conduct of day-to-day operational awareness, conduct performance measurement, assess and evaluate performance, and schedule and conduct DOE-ID oversight activities within their assigned areas of the EM Program. The roles and responsibilities of Federal Project Directors are fully described in DOE Manual 413.3-1, "Project Management for the Acquisition of Capital Assets." Federal Project Directors also ensure timely execution and closure of DOE-ID work activities identified in the Federal baseline.

Figure.1 DOE-ID EM Program Organization



Assistant Manager for Contract and GFSI Delivery: Manage and integrate the business, performance, communications, and regulatory systems needed to facilitate achievement of the EM Program. This includes coordinating with other organizational elements on the Accelerated Cleanup Performance Management Plan, Federal Baseline Schedule, Life-Cycle Baseline, Government Furnished Services and Items, Performance Metrics, Performance Based Incentives, Headquarters Reports, and External Communications.

Assistant Manager for Nuclear and Safety Performance: Assure that the operational aspects of the EM Program are executed in a safe, compliant and effective manner. Nuclear and safety elements include development and implementation of the operational management systems needed to facilitate achievement of the EM Cleanup Mission with emphasis upon nuclear facility safety basis management. Specific program responsibilities include Federal oversight of contractor assurance efforts as well as technical oversight of Safety Significant Structures, Systems, and Components for the Idaho Site EM Program nuclear facilities.

EM Project Staff and assigned members of Integrated Project Teams: Monitor contractor performance in specific assigned areas of the project relative to the terms and conditions of the contract and regulatory requirements, and meet or exceed Federal baseline commitments. Integrated Project Teams are described in DOE M 413-3-1.

Subject Matter Experts: Assist in the monitoring of contractor performance and conduct assessments within their assigned area of expertise based upon the terms and conditions of the contract, regulatory requirements, documented trends of contractor performance, and areas of concern identified by the Facility Representatives.

Facility Representatives: Facility Representatives (FRs) serve as the on-site representatives of DOE-ID Management and Federal Project Directors with regard to operational awareness activities. The FRs monitor operations to ensure facilities are operated safely, provide early identification of vulnerabilities, verify that the contractor is effectively controlling operations and conducting credible self-assessments, ensure that effective lines of communication exists, support any emergency response, etc.

Support Organizations: The Assistant Manager for Operational Support (AM/OS) and the Assistant Manager for Administration Services (AM/AS), although not ICP line management organizations, are responsible for carrying out oversight in three functional areas: 1) enforcement of radiological and nuclear safety violations under the Price-Anderson Amendment Act of 1988; 2) general policy, technical support, and regulatory issue oversight; and, 3) administrative, budget performance, and business-related oversight. DOE-ID contracts with the Defense Contract Audit Agency (DCAA) to perform the majority of business-related oversight.

V. QUALIFICATIONS

DOE-ID has an established program to implement the requirements of DOE Order 361.1A, "Acquisition Career Development Program." This Order establishes training and certification

requirements and career development programs under the Acquisition Career Development Program for the DOE acquisition workforce, including contracting, purchasing, personal property management, program management, Contracting Officers and Contracting Officer Representatives.

DOE-ID will rely upon the established Career Development Program and Technical Qualification Programs to ensure the training and technical qualifications of the DOE-ID Federal staff authorized to conduct contract oversight. All DOE-ID staff will be fully qualified to carry out their assigned duties and will be trained regarding the terms and conditions of the contracts prior to conducting EM Program oversight. Emphasis will be placed upon requirements, risks, and the terms and conditions of the contract.

1. Federal Project Director

A project manager career development program is specified within DOE Order 361.1A. This order establishes a well-defined career path for Federal Project Directors that includes certification, minimum training and continuing education requirements, and project responsibilities that are commensurate with clearly defined qualifications. The Deputy Manager for Idaho Cleanup Project, the Assistant Manager for Waste Disposition, the Assistant Manager for Facility and Material Disposition, the Advanced Mixed Waste Treatment Project Team Leader and the Materials Treatment and Packaging Project Team Leader will be Federal Project Directors and are required to meet the certification requirements of DOE Order 361.1A.

2. ICP Facility Representative Program

DOE-ID has a Facility Representative Program established in accordance with DOE Standard 1063-2000, "Facility Representative Program."

3. Technical Qualification Program

All DOE-ID technical staff (Project Directors, Facility Representatives, Integrated Project Team Members, and Subject Matter Experts) will meet the qualification standards established in the DOE Technical Qualification Program (TQP) for their areas of subject matter expertise or technical discipline at EM project sites.

VI. OVERSIGHT TECHNIQUES

DOE-ID will use oversight results to make informed, fact-based decisions regarding the adequacy of contractor performance, and to determine where DOE-ID oversight activities may require adjustment. DOE-ID will verify of the adequacy of processes or functions to operate within established parameters using the most appropriate methodology. DOE-ID will use the following techniques to conduct oversight:

1. Compliance Review

DOE-ID may assess the systems and processes specified in EM Program contracts and List B documents. DOE-ID will also affirm the adequacy of systems configuration management and data integrity.

2. Performance Metrics and Benchmarks

EM Program contract performance measures and deliverables shall be in accordance with the contracts or as directed by the Manager or Contracting Officer. Measures of technical performance shall be under the control of the Deputy Manager for Idaho Cleanup Project, Federal Project Directors, AM/OS or AM/AS. DOE-ID will rigorously review and trend performance data used in project and ES&H management, and will review and evaluate events and issues that are required to be reported, and will use metrics in making management decisions.

The Federal staff will perform analyses of the performance of the EM Program contractors. Performance analyses will include: safety and health performance measures; earned value analysis including trend analysis; critical path analysis; safety trending; and, contract analysis including Requests for Equitable Adjustment, Baseline Change Proposals, fee paid, fee available, penalties assessed, performance based incentive status, changes in key personnel, etc. Unless otherwise prescribed by the contract, DOE-ID and the EM Program contractors will review and mutually agree to the performance metrics that are used for contract performance evaluations.

3. DOE Assessment

Exclusive of operational awareness activities, *assessment* includes review, evaluation, inspection, test, check, surveillance, or audit, to determine and document whether items, processes, systems, or services meet specified requirements and perform effectively.¹ Assessments are typically a formal evaluation using defined criteria. The planning of assessments will be based upon requirements, risks, past performance, or the effectiveness of contractor assurance, as well as “for cause” assessments. For cause assessments result from a line management determination that contractor performance assurance is ineffective in identifying and resolving problems or that performance trends and events may result in unfavorable consequences. Some DOE-ID assessments may be conducted jointly between DOE-ID and the contractor, or independent organizations, at the discretion of the DOE-ID Manager or Deputy Manager for Idaho Cleanup Project.

4. Independent Assessment

Assessments may be conducted by DOE organizations outside of DOE-ID or by individuals and organizations recognized by DOE to have a particular expertise. These assessments may include those planned based upon requirements, risks, past performance, and the effectiveness of contractor assurance, as well as “for cause” reviews. Independent assessments may also result from DOE-HQ or DNFSB direction. Independent assessment activities will typically be conducted only upon high risk or sensitive areas. At the discretion

¹ DOE Order 414.1B

of the DOE-ID Manager or Deputy Manager for Idaho Cleanup Project, some independent assessments may be conducted jointly between DOE-ID, the contractor and the independent organization.

5. Operational Awareness

DOE-ID will maintain operational awareness to ensure facilities are operated safely and within the safety basis, provide early identification of vulnerabilities, verify that the contractor is effectively controlling operations and conducting credible self-assessments. DOE-ID will also ensure that effective lines of communication exist, and support any emergency response. DOE-ID will routinely monitor work performance through direct observation, walk-through, document reviews, meeting attendance and daily interaction in the field.

In order to ensure the awareness of the full scope of activities, DOE-ID intends that operational awareness activities range widely across the scope of the EM Program and are not confined or limited by risk. Facility Representatives will be expected to frequently observe low risk, industrial activities as well as activities performed by State and other Federal agencies, and other DOE-ID direct contractors as part of normal operational awareness activities.

Operational awareness also extends to functional, program and project management activities. DOE-ID staff assigned to functional areas or program and project management are expected to maintain a current awareness of status, conditions and issues that may affect accelerated clean-up milestones, legally enforceable milestones, EM performance expectations and measures, and contract deliverables or requirements. DOE-ID will maintain functional, program and project awareness and routinely monitor performance through analysis of performance measures, document reviews, cost/schedule and budget review and analysis, meeting attendance and regular interaction with the contractors.

DOE-ID Management will include Facility Representatives and others, as appropriate, in field oversight to enhance communications and ensure prompt response to issues. Operations awareness activities will be documented.

VII. CONTRACTOR PERFORMANCE EVALUATION

Central to DOE-ID's administration of the EM Program contracts is the oversight and evaluation of the contractor's performance. DOE-ID will review and evaluate the baseline and quality of deliverables stated in the contracts. In order to verify performance, a systematic process of assessment, evaluation, analysis, documentation and feedback will be required. Oversight will be formally documented and tracked by the performing organization in the Pegasus database and will be utilized by DOE-ID to evaluate contract performance. DOE-ID will use the range of oversight techniques identified in Attachment 4, tailored to complexity and risk, in the areas described below. The EM-Program risk-based oversight strategy is included in Attachment 1. Typical oversight frequencies are presented in Attachment 2.

1. Contractor Assurance

DOE-ID will ensure the effectiveness and implementation of contractor assurance activities to address management effectiveness in accordance with DOE O 226.1. DOE-ID will evaluate contractor assurance in three phases, including planning, execution and an annual roll-up evaluation.

DOE-ID will evaluate Contractor Assurance System (CAS) planning to determine:

- Sufficiency of planned assessment methods (e.g., whether sufficient emphasis is placed on observation of work activities)
- Whether DOE-ID's perceived areas of risk are being addressed
- Appropriate scope and frequency of CAS assessment events
- Specific CAS assessment events that provide an opportunity for a joint DOE-ID/Contractor assessment
- If it is desirable for DOE-ID to observe a specific CAS assessment event in Medium or High-Risk areas. (Based on DOE-ID risk analysis – see Attachment 1.)
- CAS assessment reports to be reviewed by DOE-ID

DOE-ID will selectively observe, participate in or review CAS events and may develop performance metrics to evaluate the effectiveness of CAS execution, including a comparison of CAS results and corrective actions with operational events. The purpose of DOE-ID's evaluation of specific CAS events will be to determine:

- If sufficient emphasis was placed on observation of work activities
- If sufficient emphasis was placed upon DOE-ID's areas of perceived risk
- If the CAS event was conducted with sufficient breadth and depth
- If line management was adequately and effectively involved
- If the personnel involved possessed the appropriate expertise and qualifications
- The number and nature of findings identified and whether corrective actions were appropriate

DOE-ID will conduct an annual roll-up review of all CAS events evaluated (report review or observed assessments, etc.) during the fiscal year to determine if the CAS was effective in enabling the contractor to identify and resolve problems. This may also involve the use of performance metrics comparing CAS results and corrective actions with operational events.

2. Project Management

This includes operations awareness and the monthly and quarterly assessment of project status, which will be used to determine and validate project performance. The qualification of DOE-ID employees conducting this oversight is described in Section H.3(c) of the ICP contract. EM project management oversight will be conducted in accordance with Section H of that contract.

The Assistant Manager for Waste Disposition, Assistant Manager for Material Disposition, Advanced Mixed Waste Treatment Project Team Leader and the Materials Treatment and Packaging Project Team Leader, acting as Federal Project Directors, are fully accountable for project performance within the established scope, schedule, technical and contractual requirements of the project. These Federal Project Directors are also responsible for ensuring timely and fully compliant execution and completion of Federal actions. The Federal Project Directors will conduct routine field inspections and document any concerns to the CO/COR. These field inspections will be conducted to verify and validate that work is being accomplished as reported. Federal Project Directors are not Contracting Officer's Representatives and, therefore, do not have the authority to direct the contractor or to take any action that will affect scope, schedule or cost of the contract.

Federal Project Directors will review the monthly and semi-annual status reports and will validate project performance. Results of these reviews will be provided to the CO and COR.

3. Contract Management

The CO will administer and monitor the prime contract(s) in accordance with the contract terms and conditions which include, but are not limited to, the oversight required under Federal Acquisition Regulation (FAR) Subchapter G – Contract Management (FAR Parts 42 – 51) and its supplements. Interactions with the CO can be expected on a daily basis. The CO will maintain a list of contract modifications and will manage the process for Requests for Equitable Adjustments (REAs) or any other contractual changes that may be required during the life of the contract.

4. Vital Safety Systems (VSS)

DOE-ID has a formal Vital Safety System (VSS) assessment program. This program applies to the vital safety systems and other items important to safety in EM Program systems and facilities.

The VSS Assessment Program ensures that qualified DOE-Idaho personnel conduct effective oversight of contractor management of vital safety systems and other items important to safety (Safety System Oversight or SSO). These qualified personnel provide ID line management objective feedback on VSS performance prescribed by law, DOE directives and DOE corrective actions relative to recommendations by the Defense Nuclear Facilities Safety Board (DNFSB). Also assessed are the effectiveness of contractor work, performance assurance and practices, including the Cognizant System Engineer Program and fulfillment of the facility safety basis.

A listing of EM Program Vital Safety Systems, assigned SSO and VSS assessment intervals is included in Attachment 3.

5. Cleanup

In addition to the oversight provided by the EM Program staff, Subject Matter Experts (SMEs) will conduct oversight of cleanup activities in accordance with the three-year assessment and ninety day execution schedules or when requested by the Contracting Officer or EM line management.

6. Financial Management

DOE-ID will review budgetary data submitted by the contractors to be provided into the Integrated Planning, Accountability, and Budgeting System (IPABS) or other agency authorized budget system. DOE-ID will review the status of designated Idaho management commitments. DOE-ID will monitor and audit contractor financial management systems and funds management practices and procedures to ensure compliance with applicable regulations and statutes.

As specified in the contracts, DOE-ID will review all budgetary data submitted by the contractor to be provided into the Integrated Planning Accountability and Budget System (IPABS). Budget formulation and execution is an integral part of project management and oversight of the contracts. DOE-ID will monitor and audit the contractor's funds management practices and procedures to ensure compliance with the terms and conditions of the contracts. Financial reviews of the internal controls programs are independent of the project management. The financial reviews will be conducted by, or subcontracted through, DOE-ID on a routine basis. DOE-ID may conduct a limited number of unscheduled financial assessments (floor checks) during the year, generally not to exceed three major assessments annually.

The DOE-ID AM/AS will provide accounting, information resources, procurement, budget and financial support. Teams of financial and technical personnel will reconcile the contractor's cost management reports with vouchers and invoices; investigate problems; review post-retirement benefits and pension information, financial statements and disclosure; provide budget guidance; coordinate independent audit agency activities and book entries into financial statements.

DOE-ID has implemented an Earned Value Management System (EVMS) for all EM projects that have a total project cost of \$20M or greater that are compliant with the ANSI/EIa-748A Standard. The EVMS is reviewed on a monthly basis as part of the ICP Monthly project reviews for CPRs, Risk Plans, BCP Logs, Variance Reports and Corrective Action Plans to ensure that the EVMS being reported is complete and accurate. Additionally, through DCAA, periodic sampling of the EVMS is performed as a continuous activity throughout the contract period of performance to ensure the contractor is maintains an adequate EVMS. These results are provided by DCAA through the Financial Services Team to the AM/C&GDP to forward to the EM HQ Chief Operating Officer and the Office Project Management Oversight as required in the Memorandum from J.E. Surash, dated July 6, 2007, Subject: Establishing the Requirements for an Earned Value Management System, Standardizing Minimal Reporting Requirements, and Implementing an Earned Value Management System Surveillance Program. These reports will highlight any actions

required to correct any deviations or changes or practices that are not in compliance with the certified system.

7. External Oversight/Interfaces

DOE-ID maintains frequent interactions between various DOE organizational elements, Federal and State of Idaho regulatory agencies, the Defense Nuclear Facilities Safety Board, and local stakeholders. On occasion, these organizations may conduct oversight visits of operations. Oversight performed by organizations outside of DOE-ID will be conducted in coordination with the CO and COR. DOE-ID will make reasonable accommodations in oversight scheduling in the events of such independent activities in order to minimize the impact upon the contractors.

8. Contract Interfaces

As specified in the contracts, EM contractors may provide specific site services to the INL contractor and the INL contractor may provide services to EM contractors. As specified in the contracts, contractors will develop agreements detailing interfaces on cross-cutting issues, regulatory compliance, and other matters of mutual benefit or compliance. DOE-ID will monitor conformance to ensure safety, mutual cooperation, and effectiveness.

VIII. OVERSIGHT PROCESS

DOE-ID oversight is conducted in accordance with 03.PD.04 and its related Work Instructions, constituting the DOE-ID oversight process. This DOE-ID oversight process is designed to conform to DOE Policy 226.1, "Department of Energy Oversight Policy" and DOE Order 226.1, "Implementation of Department of Energy Oversight Policy." EM Program oversight consists of three major aspects: oversight planning, oversight execution, and the evaluation of oversight results.

1. Oversight Planning

EM Program oversight planning will be conducted in a manner consistent with 03.PD.04 and its related Work Instructions. Elements of the EM Program and systems that support the program will be analyzed annually to determine risks, consequences and probability of occurrence. The Contracting Officer and EM Program line management use the results of this analysis, as well as other factors such as contractor assurance effectiveness, contract performance, DOE Headquarters direction and complex-wide events to identify lines of oversight, oversight techniques and oversight frequencies for purposes of oversight planning. Oversight requirements identified by AM/OS and AM/AS are integrated with EM planning.

DOE-ID assessments of contractor activities identified during the oversight planning process are compiled into a 3-year schedule maintained on the Idaho Operations Office Website pursuant to Clause H.3. of the ICP contract. This contract requires that adjustments will be made no fewer than 30 days prior to any planned assessment (with the exception of a "For Cause" review). Specific assessment details are to be provided 30 days in advance to the

contractor. DOE-ID typically meets these additional requirements by means of a ninety-day execution schedule that is used to detail plan the 3-year schedule. This schedule is also maintained on the Idaho Operations Office Website. These schedules represent all planned EM Program assessments. The Deputy Manager for Idaho Cleanup Project approves the execution schedule as an integral part of the EM Federal Baseline Process. Performance relative to assessment schedules is addressed as part of the Federal Baseline status update, and as part of the EM Program monthly oversight meeting.

The three-year assessment schedule will be updated annually. Ninety-day execution schedules are prepared and issued on a quarterly basis as a means of detail planning the 3-year schedule. Typically, DOE-ID will schedule assessment activities that are defined as audits, surveillances and formal reviews. Activities such as operational awareness, informal reviews and for-cause reviews will not be scheduled.

The current EM Program risk evaluation and oversight strategy are included in Attachment 1. Oversight techniques are discussed in Section V. Typical oversight frequencies are presented in Attachment 2. Oversight terms are defined in Attachment 4.

2. Oversight Execution.

Oversight will be executed according to the ninety-day execution schedules provided to the contractors and will be conducted in accordance with Work Instruction 03.WI.04.02, "Conduct of Operational Oversight Activities." Contractors will receive notification of specific assessment details 30 days in advance of the scheduled start date and receive an in-briefing seven days prior for audit and formal review activities. Other oversight, such as surveillances and inspections, will be conducted in accordance with established requirements and without further Criteria Review and Approach Document (CRAD) development or formal in-briefings.

The contractors will be provided an opportunity to provide a factual accuracy review of oversight results prior to the issuance of a final report. Oversight results will be formally documented and the results entered into the Pegasus information management system for tracking, trending, and reporting purposes. Oversight results pertaining to the transfer of spent nuclear fuel to the Naval Reactor Facility will be provided to the Naval Nuclear Propulsion Program as agreed to in the Memorandum of Agreement for Naval fuel returns.

3. Evaluation of Oversight of Results

DOE-ID will use oversight results to make informed, fact-based decisions regarding the adequacy of contractor performance, and to determine where DOE-ID oversight activities may require adjustment. Oversight results will contribute to performance evaluations.

The EM Program will hold monthly oversight review meetings on the first Thursday of the month with AM/OS and AM/AS in accordance with Work Instruction 03.WI.04.03, "Monthly Review of ID Oversight Results." The purpose of this meeting is to review and analyze all oversight and assessment results, make adjustments to oversight plans, resolve

performance issues and prepare to formally transmit oversight results to the EM Program contractors. Following the monthly EM Program meeting, all DOE-ID oversight results (EM and INL) are reviewed at the Senior DOE-ID level by the Chief Operating Officer, Senior Operations and Safety Officer and the Deputy Managers in order to assess results and identify crosscutting issues. Upon resolution of issues and comments, monthly transmittal letters are completed and oversight reports finalized for formal transmittal to contractors by the COR. Unless otherwise notified, monthly oversight transmittal letters will be issued to contractors by the second Friday of each month. Oversight reports will be presented in the Monthly Assessment Report (MAR) format generated by the Pegasus system.

Findings and Concerns (see Attachment 4) contained in the MAR will require a formal contractor response within 30 days of receipt of the formal transmittal. DOE-ID will verify these responses to ensure that contractors have identified causal factors and effective corrective measures to prevent recurrence prior to issue closeout by DOE-ID. In the event that DOE-ID does not accept a contractor response, the DOE-ID issue owner will promptly advise the contractor that the response was not accepted, explain why and afford the contractor the opportunity to make the necessary adjustments. If the response remains unacceptable by the end of the month, DOE-ID will inform the contractor of rejected responses in the monthly oversight transmittal letter. A finding will be reissued if the response remains unacceptable by the end of the following month. Issues relating to contract performance will be resolved through the CO/COR.

IX. OVERSIGHT PROCESS EVALUATION

DOE-ID will perform at least annual self-assessments of its oversight process and performance in accordance with 01.WI 03.01, "Self Assessment and Independent Assessment," to identify positive and negative attributes and to adjust performance to ensure continuous improvement. This Contract Oversight Plan will be periodically updated as circumstances and requirements change.

EM PROGRAM OVERSIGHT STRATEGY

Updated August 2007

The overall EM Program risk level is considered Moderate with some High risk involving enforceable milestones and industrial safety associated with Transuranic Waste and enforceable milestones in the Advanced Mixed Waste Treatment Project. Risks to EM fall into two main categories, Program Management and Safety.

3. Program Management

Program management risks are associated with contractor failures of delivery or of performance that could result in a failure to achieve EM Accelerated Cleanup objectives, or legally binding commitments, such as the Settlement Agreement. The consequences of these failures could affect DOE and INL strategic objectives, the future capabilities of the laboratory, and adversely affect stakeholder perceptions of the laboratory and the Department.

The program management oversight strategy will be to ensure the reliability of contractor management and assurance systems to provide timely and accurate information relative to performance and to affect the necessary improvement actions. This will be accomplished through: selective assessments to establish system conformity to contract requirements; the use of performance measures and analysis of data to demonstrate performance relative to cost, schedule and programmatic objectives; operational awareness to ensure conformity to system requirements and to maintain awareness of technical issues affecting performance and deliveries; and, for-cause reviews in cases of performance affecting contract deliverables. Specific assessment areas include compliance reviews and follow-on reviews of the project management system, audits of costs and of the systems of cost control and estimating, and reviews of the life cycle baseline. These assessments will involve AM/AS and may involve DOE HQ. Independent organizations such as DCAA will participate in audits of cost and estimates. DOE-ID will rely upon the performance measures stated in the contracts, including the Key Performance Measures stated in Section L-9, and the project management measures described in Section H-1 of the ICP contract.

4. Safety

Safety risks are associated with Nuclear Safety and Industrial Safety and result from failures to provide and maintain adequate barriers or to detect failures of the barriers. The immediate consequences of a barrier failure could be life threatening or disabling injuries to workers, excessive worker exposures, or possible uncontained releases at or beyond the site boundary

involving the public. The consequences of such events could affect DOE and INL strategic objectives, the future capabilities of the laboratory, and adversely affect stakeholder perceptions of the laboratory and the Department.

The safety oversight strategy will be to ensure the reliability of contractor Integrated Safety Management, Facility Safety, Contractor Assurance and ES&H programs and systems to provide timely and accurate information relative to conditions and performance and to implement the necessary corrective actions. This will be accomplished through selective assessments to establish conformity to requirements, the use of performance measures and analysis of data to demonstrate assurance system performance, operational awareness, and for-cause reviews in cases of significant difficulty affecting performance. A strong emphasis upon operational awareness will be maintained through the Facility Representative Program and through frequent management time in the field. Specific assessment areas include: compliance reviews and follow-on audit and surveillance of the Integrated Safety Management System (ISMS) and Environmental Safety and Health Program; audit and surveillance of conduct of operations; audit and surveillance of quality assurance; audit and surveillance of environmental permit conformance; audit and surveillance of facility safety, including vital safety systems, safety basis implementation, and Technical Safety Requirements compliance; surveillances of construction safety; and, surveillances of the INL/ICP contractor interfaces. Assessments may involve AM/OS, DOE-HQ or independent organization participation. DOE-ID will rely upon the performance measures directed by the CO/COR. Furthermore, given the construction phase of the Integrated Waste Treatment Unit (WBS 1.1.5), DOE-ID will increase safety and quality oversight of this project starting in FY 2008.

EM PROGRAM RISKⁱ TABULATION

ICP WBS NUMBER	WBS ELEMENT	NUCLEAR FACILITIES?	INDUSTRIAL ACTIVITIES?	LEGALLY ENFORCEABLE MILESTONES?	SAFETY RISK	PROJECT MANAGEMENT RISK
1.1	INTEC					
1.1.2	Spent Nuclear Fuel	Y	Y	Y	M	M
1.1.3	Special Nuclear Material	Y	Y	N	M	L
1.1.4	SNFDSP	Y	Y	Y	M	M
1.1.5	High Level and TRU	Y	Y	Y	M	H
1.1.6	D&D	Y	Y	N	M	L
1.1.7	ER	N	Y	Y	M	M
1.1.8	INTEC Waste Mgmt	N	Y	N	M	L
1.1.9	Facility Ops/Utilities	N	Y	N	M	L

ICP WBS NUMBER	WBS ELEMENT	NUCLEAR FACILITIES?	INDUSTRIAL ACTIVITIES?	LEGALLY ENFORCEABLE MILESTONES?	SAFETY RISK	PROJECT MANAGEMENT RISK
1.1.10	NSNFP	Y	Y	N	M	L
1.1.11	NRC Facilities	Y	Y	N	M	L
1.2	RWMC					
1.2.2	Wag-7	Y	Y	Y	M	M
1.2.3	Waste Disposition	Y	Y	Y	M	M
1.2.4	RH-TRU Waste Disposition	Y	Y	Y	M	M
1.2.5	Facility Operations	N	Y	N	M	L
1.2.6	Facility Disposition	Y	Y	N	M	L
1.2.7	AMWTP	Y	Y	Y	M	H
1.3	TAN					
1.3.1	D&D	Y	Y	N	M	L
1.3.2	ER	N	Y	Y	M	M
1.3.3	SNF/SNM	Y	Y	N	M	L
1.4	PBF/ARA					
1.4.1	D&D	Y	Y	N	M	L
1.4.2	ER	N	Y	Y	M	M
1.5	TRA					
1.5.1	D&D	Y	Y	N	M	L
1.5.2	ER	N	Y	Y	M	M
1.6	CFA	N	Y	N	L	L
1.7	Site Wide	N	Y	Y	M	M

¹ Risk Levels for events affecting EM Program or INL mission completion.

High: Existing situation or likely within 1 year;

Moderate Possible within the mission or plant lifetime/<20 yrs

Low: Possible, but not likely to occur within the mission or plant lifetime/>20 yrs

Events contributing to overall EM risks include: failures of delivery or of performance that could result in a failure to achieve EM Accelerated Cleanup objectives or to comply with legal agreements such as the Settlement Agreement; or, the failure of a safety barrier resulting in life threatening or disabling injuries to workers, excessive worker exposures, or possible uncontained releases at or beyond the site boundary involving the public.

Typical Oversight Frequencies

Oversight Technique	Risk - High	Risk - Moderate	Risk - Low
Contractor Assurance	Frequent	Frequent	Frequent
Compliance Review (including joint systems reviews)	Frequent	Occasional – As specified by the contract.	Seldom
Performance Metrics	Frequent	Frequent	Frequent
DOE-ID Assessment	Frequent	Occasional – As determined or for cause	Seldom – For cause
Independent Assessment	Frequent	Occasional – As determined or for cause	Seldom – For cause
Operations Awareness	Frequent	Frequent	Frequent

**EM Program Vital Safety Systems
(As of August 2007)**

Vital Safety System	SSO² (Primary/Alternate)	Date of Last Assessment	Next Planned Assessment
CPP-659 Process Safety Instrumentation (The ETS temperature instruments T150-1C, -2C, -3C, -4C, -5C, -6C, -7C, -8C, -9C, and -10C).	Preece/Bunde	1 st Qtr FY 07	1 st Qtr FY 08
CPP-659 ETS Rapid Shutdown System	Preece/Bunde	2 nd Qtr FY 07	2 nd Qtr FY 08
CPP-604 PEW Evaporator Temperature Instrumentation	Preece/Bunde	4 th Qtr FY 07	4 th Qtr FY 08
CPP-601 and CPP-604 Vessel Sparger, Sparger Instrumentation, and Level Instrumentation	Preece/Bunde	3 rd Qtr FY 07	3 rd Qtr FY 08
CPP-651 Criticality Alarm System (Inactive System)	Bunde/Harshbarger	4 th Qtr FY06	1 st Qtr FY 08
AMWTP WMF-634 RTR system shielding, interlocks, emergency shutdown switches, delay function, and alarms	Wheeler/Harshbarger	1 st Qtr FY 07	1 st Qtr FY 08
AMWTP Drum and Box Assay Machines	Wheeler/Harshbarger	1 st Qtr FY 07	4 th Qtr FY 08
AMWTP Fissile Tracking System (Database Software)	Harshbarger/Preece	4 th Qtr FY 07	4 th Qtr FY 08
AMWTP Fissile Tracking System Interlocks	Harshbarger/Preece	4 th Qtr FY 07	4 th Qtr FY 08
AMWTP Special Case Waste (SCW) Packet Assay Monitor	Wheeler/Harshbarger	4 th Qtr FY 07	4 th Qtr FY 08
AMWTP Criticality Incident Detection and Alarm system (CIDAS)	Bunde/Harshbarger	1 st Qtr FY 07	1 st Qtr FY 08
WMF-610 Stationary RTR system chamber shielding, interlock, emergency shutdown switches, delay function, and alarms	Wheeler/Preece	3 rd Qtr FY 07	3 rd Qtr FY 08
WMF-610 Mobile RTR system vault shielding, interlock, emergency shutdown switches, delay function, and alarms	Wheeler/Preece	1 st Qtr FY 07	2 nd Qtr FY 08

² Subject to change.

DOE-ID OVERSIGHT TERMS

(Reference 03.PD.04 Rev 3)

Assessment: Assessments are those preplanned activities that include review, evaluation, inspection, test, check, surveillance, or audit, to determine and document whether items, processes, systems, or services meet specified requirements and perform effectively. Assessments are scheduled activities.

Audit: Audits are functional Assessments that are formal, preplanned and scheduled activities conducted to verify systems, processes, etc., conform to specified requirements and that related functions and operations performed systematically conform to the system or process requirements. Audits are independently conducted according to a formal plan. Audits also include acceptance reviews that ID uses to review and accept programs and systems. Audits are typically broader in scope and

are more formal than surveillances. Audits are often crosscutting in nature and entail more rigor than a surveillance. The Safeguards and Security (S&S) “Survey” is considered to be an audit.

Concern: A widespread problem or programmatic/systematic breakdown that exists contrary to the requirement(s) that could result in an adverse condition or outcome. Concerns are typically manifested through multiple findings or repeat occurrences.

Condition adverse to Quality: A state of noncompliance with quality assurance program requirements.

Finding: An observation of a failure to perform a specified action contrary to specific requirements. Requirements basis can range from laws to contractor facility level procedures that if left unchecked could result in an adverse condition or outcome. Any deficiency, defect, malfunction, or condition adverse to quality or condition.

For Cause Assessment: For cause assessments result from a line management determination that contractor performance assurance is ineffective in identifying and resolving problems or that performance trends and events may result in unfavorable consequences.

Functional Element: Oversight elements that are institutional in nature, such as fire protection, cost estimating, and pollution prevention, etc. See 03.WI.04.04, Identification of Oversight Elements, Attachment 1, for a complete listing.

Functional Manager: Manager responsible for institutional elements. See 03.WI.04.04, Identification of Oversight Elements, Attachment 1, for a complete listing.

Inspection: Inspection (or test and check) is the on the spot or in-field measurement of items to an established standard or criteria. A verification based upon a measurable standard.

Issue: See concern, finding, or observation.

Monitor: An operational awareness activity typically performed by a Department of Energy (DOE) Facility Representative (FR) at a pre-determined facility (or activity) for a specified period of time (i.e., 2 hours), and is an informal evaluation of contractor activities using methods such as walkthroughs, observations of in-progress work, etc.

Notable Practice: A practice, which exceeds the normal performance expectation. Notable practices are considered *best management practices*.

Observation: A situation, that is presently in conformance with requirements but has the potential for future problems, deficiencies, failures, or adverse conditions, etc. based upon the assessor's judgment.

Operational Awareness: Operational awareness are those day-to-day observations that ensure that operations are safely performed within the safety basis, provide early identification of vulnerabilities, verify that the contractor is effectively controlling operations and conducting credible self-assessments, ensure that effective lines of communication exist, and support any emergency response. Operational awareness also extends to daily program and project management activities (i.e., programmatic awareness) to maintain a current awareness of status, conditions and issues that may affect accelerated clean-up milestones, legally enforceable milestones, performance expectations and measures, and contract deliverables or requirements. Operational Awareness is not scheduled.

Oversight: Oversight is the combination of those preplanned assessment and day-to-day operational awareness activities conducted to ensure conformance with contract and regulatory requirements, evaluate the effectiveness of contractor actions and measure contract performance.

Oversight Element: Functional and Program/Project Element as defined herein.

Oversight Lead: An individual who is qualified to organize, perform, and direct an audit; report audit results; and evaluate related corrective actions for a specific functional or program/project element.

Program/Project Element: Oversight elements that are mission related, such as Waste Disposition Project, National Security Program, Reactor Technology Complex, etc.

Program/Project Oversight Lead: An individual who is qualified to organize, perform, and direct an audit; report audit results; and evaluate related corrective actions.

Review: Reviews (or evaluations) are those scheduled activities intended to verify documentation conforms to requirements. Examples of reviews include design reviews, permit or application reviews, technical report reviews, system documentation reviews, etc. Formal reviews are conducted with contractor or regulator participation or are conducted away from the normal DOE office setting, such as contractor or vendor office locations. Formal reviews are conducted according to an established plan similar to an audit.

Surveillance: Surveillance is a scheduled observation of specific activities that is conducted using existing procedures, instructions, standards, etc. Surveillances are typically “vertical slice” assessments intended to ensure that the selected activity is performed in accordance with requirements.

Validation: A formal technical verification. A process performed by ID to determine whether corrective actions plan can be reasonably expected to correct an issue if appropriately executed. A formal verification of conformance to requirements. Validation is also a term that represents the ID determination that resources applied to baseline scope and costs are reasonable.

Verification: A field inspection conducted by ID to determine whether an action has been fully and effectively implemented or that actions or items conform to requirements.
