

Stretching Our Capabilities

Focusing Our Competencies for Increased Oversight Effectiveness

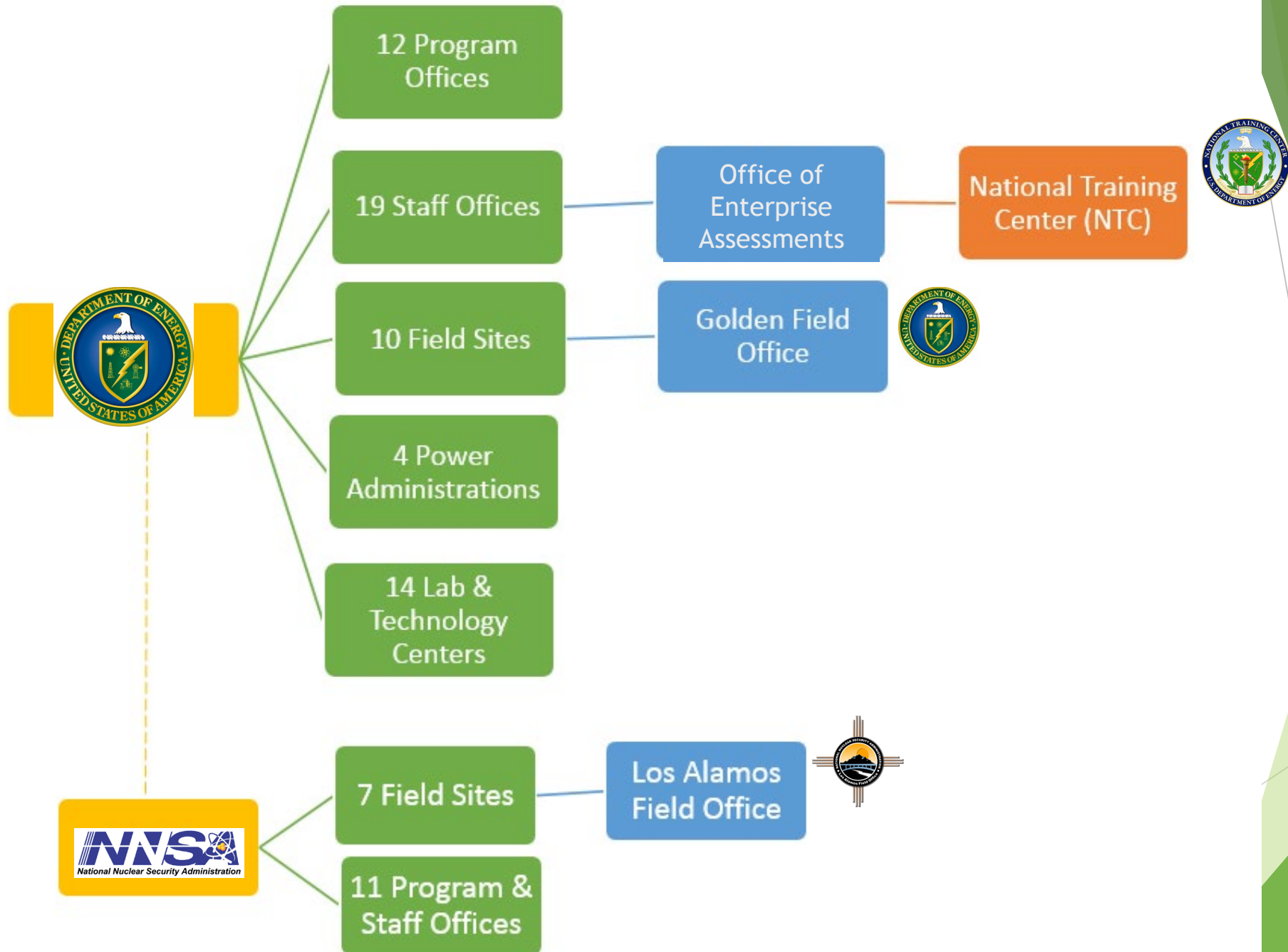


October 2019

Introducing Our Panelists



- ▶ **Lawrence Palmer** is the DOE Oversight Training Program Manager at the Department of Energy's (DOE) National Training Center (NTC) where he oversees the design, development, implementation and evaluation of the NTCs Oversight curriculum which includes training in identifying and implementing Federal oversight activities.
- ▶ **Al MacDougall** is the Federal Technical Capabilities Program Manager for the DOE NTC and is leading the transformation of that program for DOE NTC. He supports the development of the DOE oversight curriculum which includes training our federal staff in identifying and implementing Federal oversight activities.
- ▶ **Tertia Speiser** has been with DOE's Energy Efficiency and Renewable Energy office for ten years, and currently manages the independent oversight program for the Golden Field Office.
- ▶ **Darlene Rodriguez** is the Landlord and Stewardship Programs Team Lead for the Mission Assurance and Infrastructure organization of the National Nuclear Security Administration (NNSA) Los Alamos Field Office. She is leading the implementation of the Functional Area Oversight Plan tool at NNSA Los Alamos.
- ▶ **Karen Armijo** conducts oversight of management and operating (M&O) operations for environmental permitting and compliance, including RCRA and NPDES Programs at Los Alamos National Laboratory.



Oversight Fundamentals

Al MacDougall and Larry Palmer, NTC



Why Oversight?

- ▶ Oversight at its core is contract management
- ▶ DOE wears three hats
 - ▶ Owner
 - ▶ Customer
 - ▶ Regulator

Purpose of Oversight

- ▶ Enables the Department's mission to be accomplished effectively, efficiently, safely, and securely by utilizing and leveraging the outcomes and information from effective Contractor Assurance Systems (CAS) to inform the Government's oversight wherever appropriate
- ▶ Performance of comprehensive and robust oversight to support the safe and effective implementation of the DOE mission
- ▶ ...while maintaining the highest standard of performance of safety and security
- ▶ Assurance systems and performance of oversight is tailored to meet the needs and unique risks
- ▶ Activities with higher consequences are given higher priority and greater emphasis
- ▶ Multi-tiered approach
- ▶ Drives continuous improvement performance by the Federal element and the Contractor

Oversight Policy

- ▶ Covers operational aspects of Environment, Safety and Health (ES&H), safeguards & security, cyber security, emergency management, and business and financial systems
- ▶ Integrated into all operations such that all personnel, Federal and contractor alike, are responsible and accountable for conducting their missions to the highest standard
- ▶ Contractors should responsibly oversee their own work, identify concerns and reliably report unexpected adverse outcomes to prevent recurrence

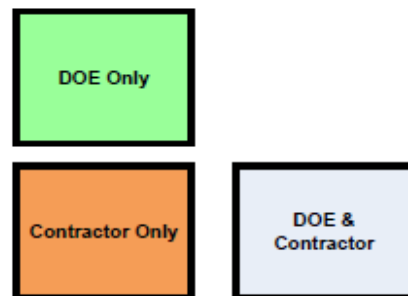
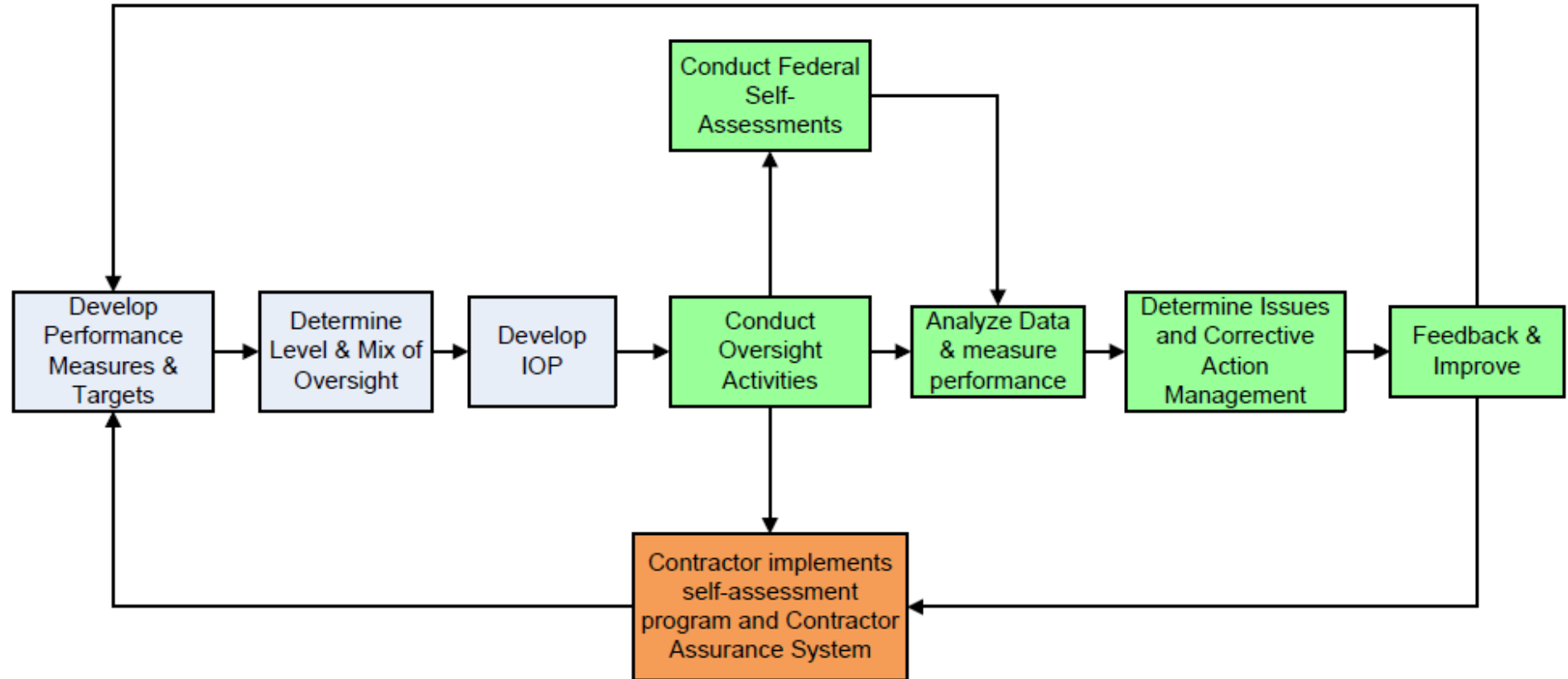
DOE Order 226.1B- Requirements

- ▶ All applicable DOE organizations must:
 - ▶ Establish and implement effective oversight programs
 - ▶ Maintain sufficient technical capability and knowledge of site and contractor activities to:
 - ▶ Make informed decisions about hazards, risks, and resource allocation
 - ▶ Provide direction to contractors
 - ▶ Evaluate contractor performance

Required Elements of a Contractor Assurance System



Oversight Process



Performance Objectives and Measures

- ▶ Must understand how the process/system works and what the desired result should be
- ▶ Establishing system level measures (leading) as well as output measures only (lagging)
- ▶ How is the information displayed and is it readily available
- ▶ Too high level, or too detailed

Determine Level and Mix of Oversight

- ▶ Need to understand baseline required oversight activities
- ▶ Method to evaluate level of risk of area being evaluated
- ▶ Importance of accurately measuring program/functional area and CAS performance
- ▶ Allows focusing oversight resources on most important areas
- ▶ Functional Area Oversight Plan Application supports process

Conducting Assessments and Operational Awareness Activities

- ▶ Defining scope and performance objective that is linked back to performance objectives defined for program
- ▶ Including verification of compliance of requirements
- ▶ Provide performance insights in assessment report and out brief, not just a list of issues.
- ▶ What do the results mean and what should I do as a leader with the results?

Analyze Data & Measure Performance

- ▶ Periodically analyze all sources of performance data and input back into all assurance system elements (i.e. system level)
- ▶ Adjust integrated oversight plan as needed based on results of analysis of performance data
- ▶ Must be able to step back from individual events and data points and identify significant adverse trends
- ▶ Results of analysis used to measure performance

Identify and Correct Significant Issues

- ▶ Issue categorization and significance determination, both for discrete issues and trend issues
- ▶ Appropriate level and method (tools) for causal analysis
- ▶ Appropriate use and conduct of effectiveness reviews

Feedback and Improve

- ▶ Ensure new contract requirements are flowed down and adjust oversight as needed
- ▶ Establish action points/thresholds to respond to identification of adverse performance trends
- ▶ Periodically adjust as needed performance measures to address weak areas/vulnerabilities based on risk
- ▶ Document and formalize a process to communicate significant performance issues and insights

Implementing Field Oversight

Darlene Rodriguez and Karen Armijo, NNSA Los Alamos Field Office



Field Oversight Roles and Responsibilities

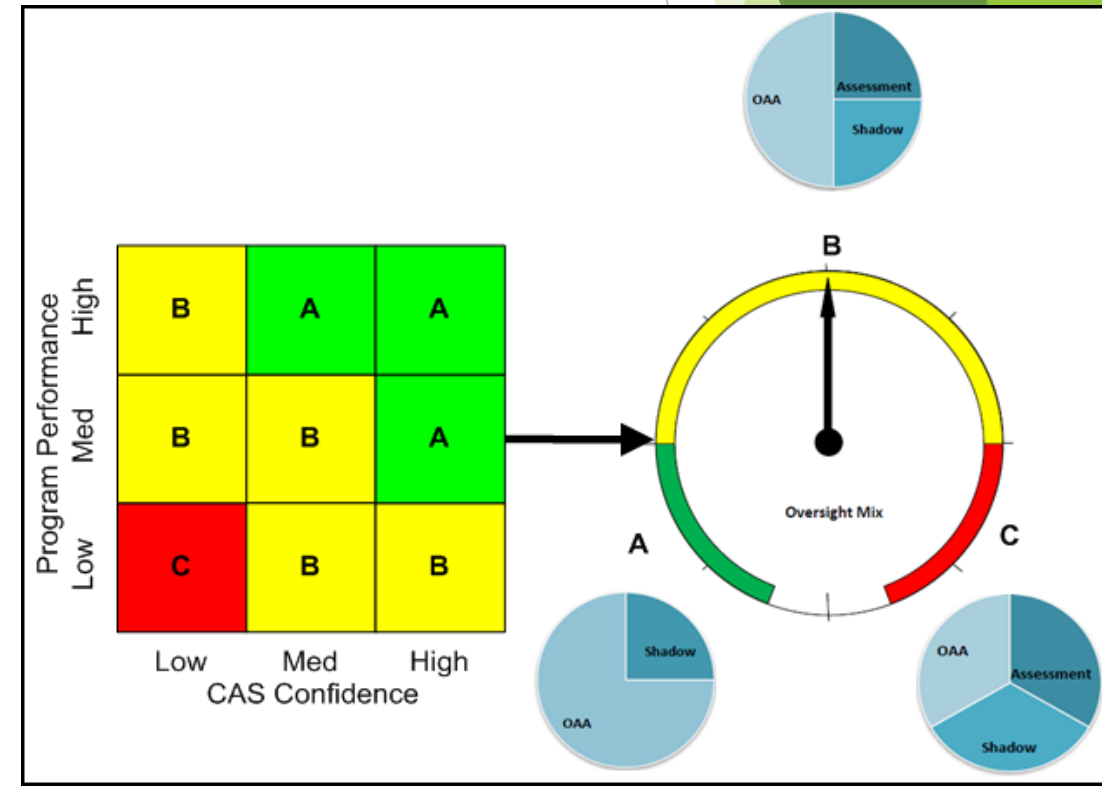
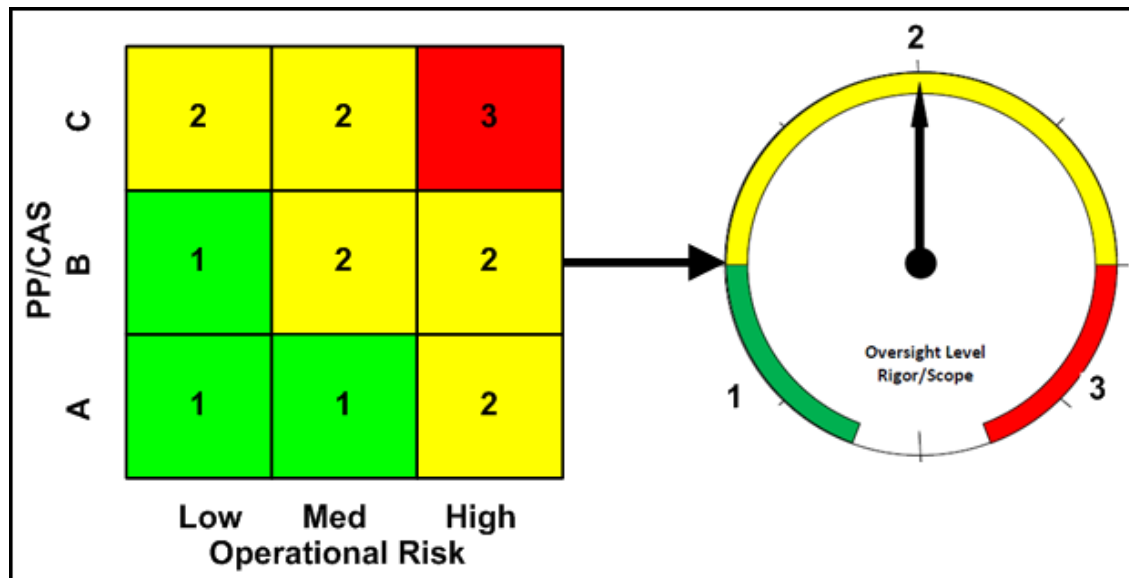
- ▶ Defined in the Functional Responsibilities and Authorities (FRA)
 - ▶ Outlines *safety management* functions, responsibilities and authorities
 - ▶ Delegations of authority flow down from Laws, DOE Orders and Policies
 - ▶ Does not consider resource availability
- ▶ Applies to all Federal Field Office Staff
 - ▶ Inherently Governmental
 - ▶ Joint Federal-Contractor Responsibilities/Activities
 - ▶ Governance: Programmatic (Transactional) vs Boots-on-the-Ground (Operational)
- ▶ Requires elements of the following:
 - ▶ Reliance upon Contractor Assurance Systems (CAS)
 - ▶ Observing work performed by the Contractor
 - ▶ Attending meetings for programmatic and operational awareness
 - ▶ Reviewing Facility Representatives and Safety System Oversight assessments
 - ▶ Reviewing Subject Matter Expert (SME) reports

Basics of Field Oversight

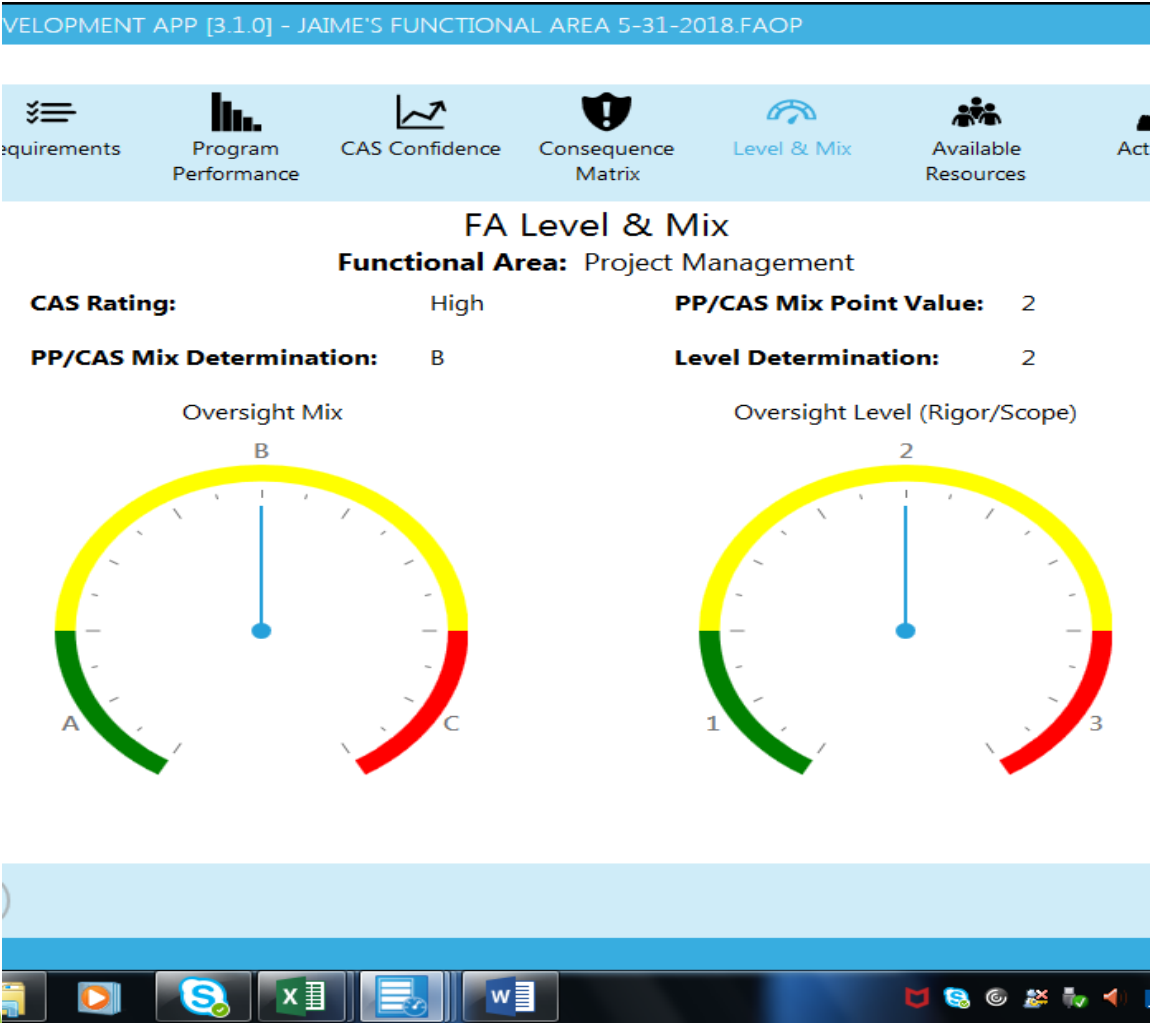
- ▶ Field Oversight in 3 Basic Steps
 - ▶ SME qualifications: Technical Qualifications Program (TQP) and specialized-experience
 - ▶ 1 part Tools and 3 parts Documentation (CAS evaluation, Performance Evaluation Report [PER] and Assessments)
 - ▶ Gaps for Programmatic and Operational Awareness
 - ▶ Baseline, Supplemental and Reactive: Risk-based, tailored approach
 - ▶ Assessments, Shadow Assessments
 - ▶ Oversight Awareness Activities
 - ▶ Walkthroughs
 - ▶ Meetings; program/project planning (budget, resources, schedule), strategy
 - ▶ Deliverable review/concurrence

Tools for Field Oversight

- ▶ DOE App for FAOP (formerly the spreadsheet)
 - ▶ Requirements, CAS Confidence, Program Performance, Consequence Matrix
 - ▶ Resource Loaded Output Level and Mix Determination of Oversight
 - ▶ Oversight Mix and Level Determination
 - ▶ Program Maturity, Hazard and Risk



Example FAOP Output



OVERSIGHT PLAN DEVELOPMENT APP [3.1.0] - EPC FY18 FAOP_KARMUO MAR2018.FAOP

File

Program Performance CAS Confidence Consequence Matrix Level & Mix Available Resources Activities Necessary Resources Priority Calculation Final FAOP

FA Activities

Functional Area: Environmental Compliance Permitting

4.a.2., Maintain sufficient technical capability and knowledge of site and contractor activities to make informed decisions about hazards, risks and resource allocation.

#	ACTIVITIES	
1	Achieve TQP qualifications within 18 months of issuance	REMOVE
2	Complete contractor-level training for RCRA technical support staff/program manager	REMOVE
3	Maintain CISEC Level 2 certification	REMOVE
4	Attend WMC and DEP meetings at least 2x/year	REMOVE
5	Maintain TQP certification upon issuance	REMOVE
6	Repeat McCoy's RCRA training every 3 years	
7	Complete contractor-level training for NPDES/CWA technical support staff/program manager	

+ ADD ACTIVITY ASSOCIATE EXISTING ACTIVITY FROM ANOTHER REQUIREMENT

Requirement 2

4.b.1., Evaluate contractor and DOE programs and management systems, including site assurance effectiveness of performance (including compliance with requirements) through conduct of operational awareness activities, assessments of facilities, operations and programs.

OVERSIGHT PLAN DEVELOPMENT APP [3.1.0] - EPC FY18 FAOP_KARMUO MAR2018.FAOP

File

Start Requirements Program Performance CAS Confidence Consequence Matrix Level & Mix Available Resources Activities Necessary Resources

FA Requirements

Functional Area: Environmental Compliance Permitting

SOURCE	REQUIREMENTS TO PERFORM OVERSIGHT	B	S	R	O	P	
DOE O 226.1B, Implementation of DOE Oversight Policy	4.a.2., Maintain sufficient technical capability and knowledge of site and contractor activities to make informed decisions about hazards, risks and resource allocation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	REMOVE
DOE O 458.1, Radiation Protection of the Public and the Environment	4.b.1., Evaluate contractor and DOE programs and management systems, including site assurance systems, for effectiveness of performance (including compliance with requirements) through conduct of operational awareness activities, assessments of facilities, operations and programs.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	REMOVE
DOE O 458.1	Oversight of discharges into sanitary sewer systems iaw Order and applicable Federal, State and municipal regulations, including operational permits and protection of groundwater and drinking water sources.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	REMOVE
MP 00.08, Rev. 4, Implementation of Los Alamos Site Office Line Oversight	4.5.10, Ensures that operational awareness activities are planned for frequency, content, quality and rigor according to the needs of their functional areas of responsibility.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	REMOVE
MP 00.08, Rev. 4	4.5.11, Ensures observation of actual work activities relevant to their areas of interest are planned, performed and documented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	REMOVE
MP 00.08, Rev. 4	4.5.12, Ensures that an adequate baseline oversight program is maintained that includes sufficient stand-alone assessments to ensure an understanding of the contractor management systems, site programs, and hazards and risks of activities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	REMOVE
MP 00.08, Rev. 4	4.6.1, Monitors contractor performance through review of inputs and outputs of CAS and contractor metrics.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	REMOVE
MP 00.08, Rev. 4	4.6.2, Conducts assigned assessments iaw IAS.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	REMOVE
	4.6.3, Maintains operational awareness through routine interaction with the contractor such as attendance at periodic meetings, follow-up of issues and corrective action	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Ready...

8:13 AM 7/17/2018

FAOP Benefit

- ▶ Use oversight results to adjust oversight activities
 - ▶ Living document
- ▶ Use to keep management informed
 - ▶ to make informed resource allocation decisions
 - ▶ to mitigate, balance, and accept risk
- ▶ Use to translate observed Contractor Performance into specific Federal response/actions to drive performance improvements
- ▶ Demonstrates impact of reactive/supplemental oversight against baseline oversight and resource availability

Right Oversight

Tertia Speiser, DOE Golden Field Office



Integrated Oversight Plan - Background

- ▶ Oversight staff losses
- ▶ Federal staffing efforts curtailed
- ▶ Leadership changes demand higher scrutiny and justification for protocols
- ▶ Lab performance not always aligned with expectations
- ▶ Inconsistent assessment approach
- ▶ Golden Field Office sought to formalize its oversight methodology

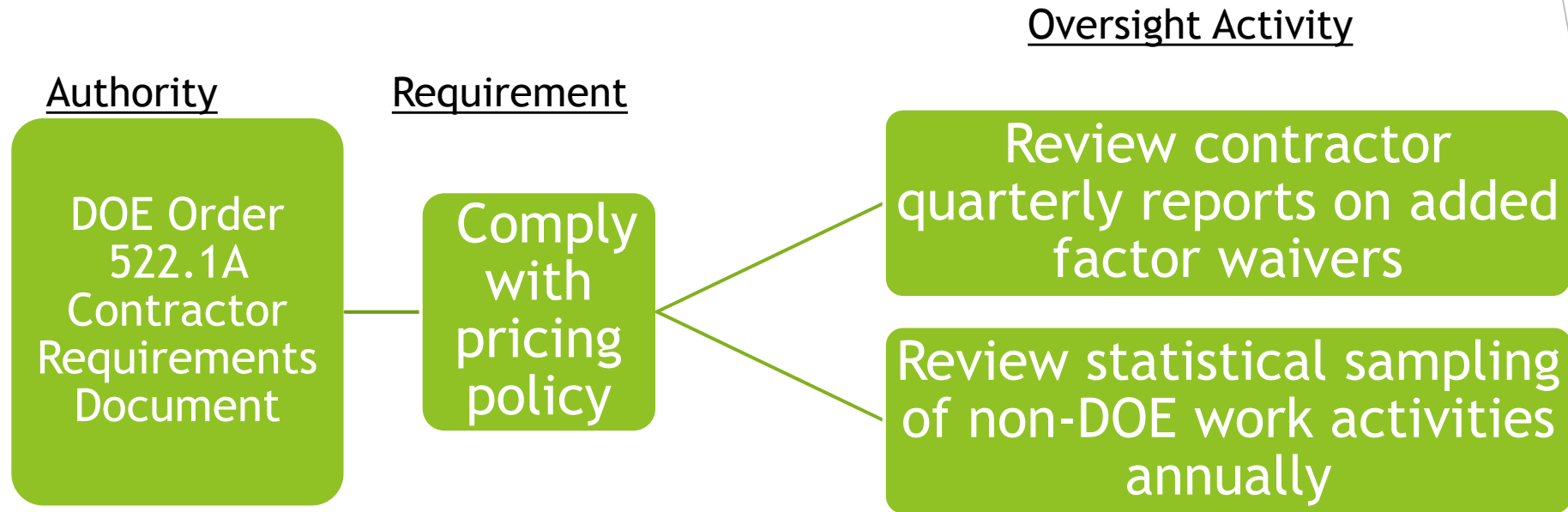


Reduce Duplication
Fleet Synopses
Collaborative
Security
Subcontracts
Legal
Lower Management
Public Relations
Third Party Agreements
Finance
Budget Formulation
Emergency Management
Leased Facilities
Trust
NEPA
Sustainability
Unified Front
Counterintelligence
EEO
Communication
Privacy Act
Cyber Security
DOE O 226.1B
Values
Procurement
Contractor Assurance System
Field Office Coordination
CRADA
Property & Equipment
Work Authorizations
Foreign Visitors
Audits
Better Relationships
Requirements
User Facilities
Intellectual Property
Employee Concerns
Information Sharing
Information Technology
Break Down Silos
M&O Contract
Records Management
Facilities
Risk-Based
Project Management
Human Resources
Quality Assurance
Continuous Application
Energy Flows
PEMP
Sustainment

Integrated Oversight Plan

Financial Oversight Office (FOO)

An Example - Internal Controls [Audit] *



* Requirement 2 of 3

Enterprise Assessment IOP/FAOP Process

MENT APP [3.1.0] - CONTINUITY PROGRAMS.DEMO.FAOP

 Start

 Requirements

 Program Performance

 CAS Confidence

 Consequence Matrix

 Level & Mix

 Available Resources

 Activities

 Necessary Resources

 Priority Calculation

 Final FAOP

FA Level & Mix

Functional Area: Continuity Programs DEMO

Program Performance Rating: Medium

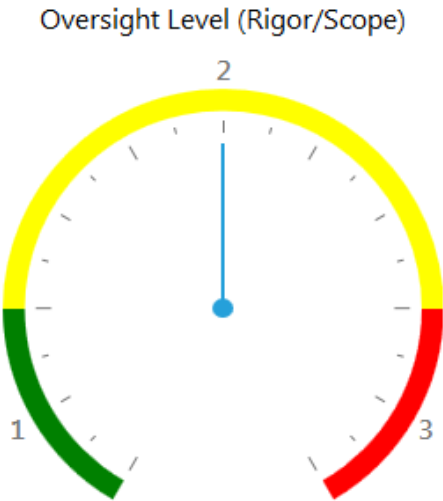
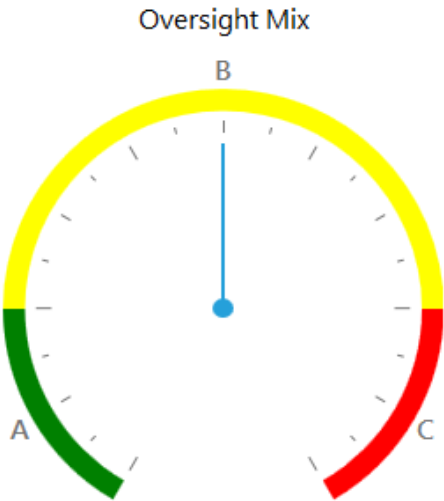
Operational Risk Rating: Medium

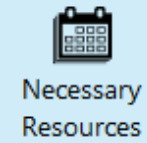
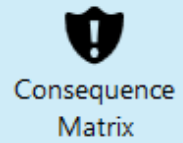
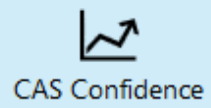
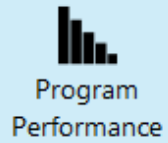
CAS Rating: Medium

PP/CAS Mix Point Value: 2

PP/CAS Mix Determination: B

Level Determination: 2





FA Level & Mix

Functional Area: FOO - Financial Statements (Accounting)

Program Performance Rating: High

CAS Rating: High

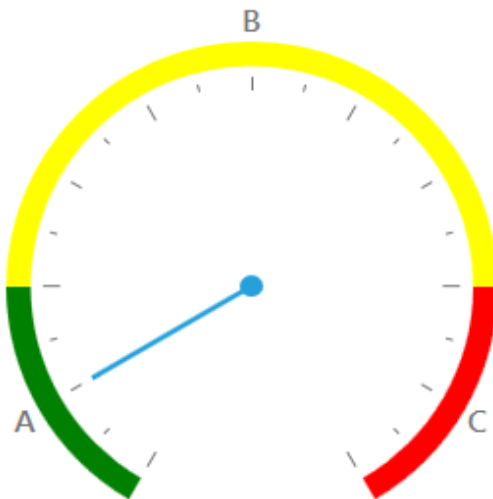
PP/CAS Mix Determination: A

Operational Risk Rating: Low

PP/CAS Mix Point Value: 1

Level Determination: 1

Oversight Mix



Oversight Level (Rigor/Scope)



FOO-Financial Statement (Accounting)

POC Jeff Jones

Approver Mary Mann

Contractor Requirements

DOE O 534.1B CRD	Adhere to sound fiscal management processes as prescribed in the DOE Final Management Handbook
DOE O 534.1B CRD	Supply information as input into Field element reports detailing status of DOI management controls, and financial systems.
DOE O 534.1B CRD and I Clauses 52.230-2 & 52.230-6	Submit annual cost proposal. Submit cost accounting standards disclosure statement when applicable.

DOE Oversight Activities

<ol style="list-style-type: none">1. Review Annual Cost Proposal and Cost Accounting Standards disclosure statement and provide any comments to the contracting officer.2. Monitor contractor proposed changes to the price and cost accounting framework (indirect rates) against annual cost proposal. Notify contracting officer of significant changes.3. Review SCIC.4. Assess information gathered during discussions on allowability of costs.5. Review CAS information and reports.6. Assess information gathered during recurring and/or ad hoc communications.
<ol style="list-style-type: none">1. Oversee resolution to significant issues on an ad hoc basis across the financial statement functional area.2. Review audit samples (i.e. audited financial statements), DOE system reconciliations, and contractor-accounting reports established in the DOE systems of record.3. Validate corrective actions to resolve identified issues.4. Review and verify the Mid Year Financial Statement, Schedule 34 reconciliation (monthly), and the Q4 Comprehensive Federal Financial Review (2018).5. Review contractor financial policies defined in the CAS.6. Assess information gathered during recurring and/or ad hoc communications.
<ol style="list-style-type: none">1. Validate contractor submissions in support of field element input into DOE reports that include the narrative and the contractor Management Representation letter.2. Assess information gathered during ad hoc, monthly, and quarterly meetings with the contractor accounting, internal audit, and management control staff (operational awareness).3. Evaluate timeliness, quality, and impact of contractor submissions.



Program
Performance



CAS Confidence



Consequence
Matrix



Level & Mix



Available
Resources



Activities



Necessary
Resources

FA Level & Mix

Functional Area: Aviation Safety

Program Performance Rating: Low

Operational Risk Rating: Medium

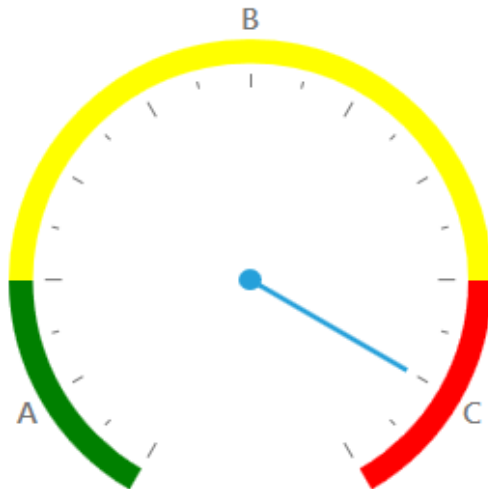
CAS Rating: Low

PP/CAS Mix Point Value: 3

PP/CAS Mix Determination: C

Level Determination: 3

Oversight Mix



Oversight Level (Rigor/Scope)



Safety

Aviation Safety

POC Toni Tune

Approver Bobbi Blue

Contractor Requirements

Contract List A - 14 CFR Aeronautics and Space	Established contractor systems, procedures, methods and processes should conform to FAA regulations by M&O and Commercial Aviation Services operator exist using requirements identified in 14 CFR 77 Objects Affecting Navigable Airspace, 14 CFR 91 Small Unmanned Aircraft Systems.
Contract List B - DOE O 440.2C Aviation Safety Management CRD	Develop and implement a program that meets requirements in the Contractor Requirements Document, GFO Aviation Implementation Document and Aviation Safety Management System.

DOE Oversight Activities

Operational awareness activities are any activities that provide DOE personnel with data or assurance as to the effectiveness of M&O contractor program performance. Activities could include participating in, but are limited to, the following: (1) work activity observations; (2) steering committee meetings; (3) program update meetings with the program owner for the M&O contractor.
Conduct mission/flight risk assessments annually and upon request. Provide flight approvals to the M&O contractor as needed. Review the M&O program self-assessment annually. As needed, focused oversight of a particular element based on performance or risk as appropriate may occur. This can result in DOE issuing a report

Discussion/Activity

Audience participation

Activities

- ▶ Audience Q&A
- ▶ Review examples of FAOP/IOP from GFO and NALA
- ▶ DOE 110DE Video Clip
- ▶ Class Exercise to Build an FAOP (small groups)

Panelist Contact Info



- ▶ Lawrence Palmer, (505) 845-2284, lpalmer@ntc.doe.gov
- ▶ Al MacDougall, (505) 845-5549, amacdougall@ntc.doe.gov



- ▶ Tertia Speiser, (240) 562-1637, tertia.speiser@ee.doe.gov



- ▶ Darlene Rodriguez, (505) 665-0602, darlene.rodriguez@nnsa.doe.gov
- ▶ Karen Armijo, (505) 665-7314, karen.armijo@nnsa.doe.gov