

U.S. Department of Energy

ENVIRONMENTAL MANAGEMENT ADVISORY BOARD

Report of Activities for June 14, 2013 Public Meeting

Submitted by the EMAB Acquisition and Project Management Subcommittee

June 14, 2013

Background:

The APMS presented a written report on its efforts at the EMAB meeting on May 31, 2012, on FY 2012 activity related to the 2012 work plan. An oral update was presented at the December 5, 2012 on FY 2013 work plan activity related to OMB Circular A-11 previously unused capital project classifications that would appropriately match the EM mission requirements. In addition, GAO reports issued in 2012 were discussed.

The FY 2013 work plan included a review of the draft Operations Policy & Protocol to better track its operations activities. The plan was updated on February 22, 2013 to include a review of the EM draft policy for FPD certifications for EM Capital Asset Projects and EM's Guidance for Change Control. In addition, the Subcommittee continues to follow closely, the assessments and reviews of EM and DOE overall as pertains to project and contract management. This discussion below summarizes the Subcommittee's reviews and assessments since December 2012.

Discussion:

The draft Operations Policy & Protocol was reviewed. The approach appears to be reasonable, but GAO REPORT 13-23 indicates a need to clarify when and how to establish performance baselines in order to consistently assess performance.

The EM draft policy for FPD certifications for EM Capital Asset Projects and EM's Guidance for Change Control are not yet ready for review.

GAO has released five reports related to EM project management thus far in 2013.

a. GAO 13-23 addresses Recovery Act cleanup projects. Findings indicated that 78 of 112 projects were complete at the time of the review. Further, 72 of the 78 were at the planned scope without exceeding the cost target by more than ten percent. However, the auditors found inconsistencies in how EM set scope, cost, and schedule targets, which made assessment of performance difficult. The conclusions on page 34 of the report acknowledge that EM undertook the daunting task of planning and executing a Recovery Act workload roughly equivalent to and in addition to its existing workload, and was generally successful in several areas, including completing most projects at lower than planned costs. They further indicate a continuing concern over the need to refine policies for establishing performance indicators in order to be able to assess project performance. The one-page report highlights which follows the title page, however, doesn't put into perspective the magnitude of the challenge and the degree of success.

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b. GAO 13-129 addresses the requirement for better information to determine whether non-major projects meet their targets. The conclusions are similar to those in the report at a. above with the addition of a concern over a need for a single workforce plan identifying mission-critical occupations and skills as well as current and projected shortfalls.

c. GAO 13-283 presents an update on the GAO high risk series of projects in all federal departments. On page 222 the report recognizes management improvement results coupled with DOE's continued efforts and commitment by top leadership to address contract and project management weaknesses, and indicates GAO will be focusing more on major contracts and projects. However, GAO will continue to monitor non-major projects to ensure that progress in this area continues and is sustained through related work and follow-up on GAO's report recommendations.

d. GAO 13-484T addresses concerns with major projects being undertaken by EM and NNSA. It references prior reports on projects over \$750 million and indicates a future report is in preparation. No new recommendations are included.

e. GAO 13-13-510T presents observations on program and project cost estimating in EM and NNSA. This report indicates that DOE is working on prior report recommendations, no new recommendations are being made now, and that current work will be reported on later this year.

On March 22, 2013 Mr. Jack Surash, the EM DAS for Acquisition and Project Management, presented testimony to the Subcommittee on Energy and Water Development, Committee on Appropriations, United States House of Representatives on EM major systems construction projects.

Mr. Surash and his office have continued holding workshops for federal and contractor managers on EM contracting performance and management. The latest was held on June 4 – 5, 2013 in Washington, DC. EMAB staff members attended the workshop and reported that discussion focused on the following topics:

- Overall EM perspective
 - Significance of contract and project management (CM/PM) in all that EM does
 - Key challenges
 - Front office focus
- Contract and project management issues
 - Status of metrics under EM strategic goal 3
 - Congressional interest in CM/PM
 - Work management plans following contract award and change control
- Operations activities
 - Differences from capital asset projects
 - Communications with the Congress

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- Upcoming management guidance improvements
- Certification for Federal Project Directors

- Successful partnering
 - Required culture change
 - Strategies for partnering
 - Stakeholder issues
 - Best practices

- Lessons learned
 - Salt Disposal unit 6 at SRS
 - Panel on phases of line item construction projects
 - Hanford groundwater treatment project
 - Work – contract alignment

- Contract award fee determination review and release

- PARS II assessments and documentation expectations

- Independent government cost estimates

- Peer review lessons learned

- Contractor accountability

- EM Recovery Act update and closeout plan

- Performance evaluation and management plans

A summary report of the workshop is at Appendix A, and presentations are available to the Board, if desired.

Findings and Observations:

From the activities described above, the Subcommittee presents the following observations:

1. GAO reports are beginning to acknowledge progress that EM is making in project management on projects under \$750 million. The usual caveats and cautions are included, but some encouragement is helpful in the culture change process which EM is working on.

2. Operations Policy & Protocol will require clarification on when and how to establish performance baselines in order to consistently assess performance to satisfy GAO REPORT 13-23. Examples would be useful to clarify policy statements.

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3. EM draft policy for FPD certifications for EM Capital Asset Projects and EM's Guidance for Change Control are not yet ready for APMS review.

4. The workshops for federal and contractor managers on EM contracting performance and management are another positive influence on culture change. Efforts to develop a common understanding of CM/PM requirements and expectations appear to be bearing fruit.

5. The Subcommittee is encouraged that despite the challenges with sequestration and budget constraints, senior EM management, to include the newly confirmed Secretary of Energy, have made continued improvements in project and contract management as essential focus areas for the EM program, to include improvements in meeting cost targets and staff engagement and accountability for project activities.

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