

U. S. Department of Energy
STRATEGIC PETROLEUM RESERVE
PROJECT MANAGEMENT OFFICE
New Orleans, La.

ORDER

SPRPMO O 226.1D

APPROVED: 09/30/2021

SUBJECT: STRATEGIC PETROLEUM RESERVE PROJECT MANAGEMENT OFFICE
OVERSIGHT PROGRAM

1. PURPOSE. This Order identifies the Strategic Petroleum Reserve Project Management Office (SPRPMO) Oversight Program, including evaluations of the Contractor Assurance System (CAS) for the Management and Operating (M&O) contractor. The implementation of this Oversight Program meets the requirements of Department of Energy (DOE) O 226.1B, *Implementation of Department of Energy Oversight Policy* and will ensure that the SPRPMO and the contractor's CAS are comprehensive and integrated for all operational aspects of the SPR. This program will also provide assurance that mission objectives are being accomplished without sacrificing adequate protection for the worker, the public, the environment, and national security assets.
2. CANCELLATION. This Order cancels SPRPMO O 226.1C, *Strategic Petroleum Reserve Project Management Office Oversight Program*, dated May 16, 2014. Cancellation of a directive does not, by itself, modify or otherwise affect any contractual obligation to comply with the Directive. Contractor Requirements Documents (CRDs) attached to a contract remain in effect until the contract is modified to either eliminate requirements that are no longer applicable or substitute a new set of requirements.
3. APPLICABILITY.
 - a. SPRPMO Elements. Except for the exclusions identified in Paragraph 3c, this Order applies to all SPRPMO organizational elements.
 - b. DOE Contractors. The CRD, Attachment 1, sets forth the CAS requirements that are to be applied to the M&O contractor.
 - c. Exclusions. None.

DISTRIBUTION: APMs, Division Directors, M&O
Contractor

INITIATED BY: APM, Technical Assurance,
Quality & Performance Assurance
Division

4. REQUIREMENTS.

- a. The SPRPMO Oversight Program will apply to the Project Manager's office, all SPRPMO Assistant Project Manager (APM) sections (i.e., APM of Technical Assurance, APM of Systems and Projects, APM of Maintenance and Operations, and the APM for Management and Administration), and the General Counsel. This program will address the operational aspects identified within DOE O 226.1B including but not limited to Environmental Management System, Safety and Health (including Integrated Safety Management (ISM)), Security/Safeguards, Cyber Security and Information Technology Services/Data Systems, Fire Protection/Emergency Management, Quality Assurance Program, Legal, Project Management, Financial Systems, Personnel/Human Resources/Human Capital, Internal Audit, Operations and Maintenance, Cavern Integrity, Procurement, Property, Engineering, Construction, and Capital Projects.

The methods identified in Table 1, SPRPMO Oversight Action, will be used when conducting and documenting oversight of DOE contractors. With the approval of the Contracting Officer, other approaches or variations may be considered.

Table 1, SPRPMO Oversight Action

OVERSIGHT METHODS	ACTIVITY	EXAMPLE DOCUMENTATION
Routine Oversight	Execute oversight activities or conduct operational awareness activities as determined by management based on indicators, program priorities, or recent events.	Documentation associated with Routine Oversight include but are not limited to meeting minutes, meeting agendas, notes, log book copies, weekly/monthly/quarterly/annual reports, SharePoint updates, e-mails and other correspondences, spreadsheets, program outputs, etc.

OVERSIGHT METHODS	ACTIVITY	DOCUMENTATION
Planned Audit or Assessment	Conduct in accordance with formal, written plans and schedules which have been reviewed and approved by management.	Documentation associated with Planned Assessments include but are not limited to plans, formal reports, out-briefing presentations, photographic documentation, Assessment Tracking System (ATS) entries, SharePoint records, etc.
Organizational Reviews	Conduct organizationally directed reviews (e.g. Technical Assurance Surveillance Reports or Observation Reports) in accordance with appropriate organizational and management directives.	Documentation associated with Organizational Reviews include but are not limited to Technical Assurance Surveillance Reports, Observation Reports, trip reports, white papers, etc. published to SharePoint or ATS as appropriate.
Security Surveys	Conduct in accordance with DOE O 470.4B, <i>Safeguards and Security Program</i> , using formal, written plans and schedules approved by management.	Documentation associated with Security Surveys include but are not limited to plans, formal reports, lines of inquiry, testing results, ATS entries, Safeguards and Security Information Management System (SSIMS) entries, etc.
CAS Evaluation	Conduct in accordance with Attachment 2 of this Order. Ensure	Documentation associated with CAS Evaluation include but are not limited to Scorecard entries, Subject Matter Expert (SME) reports, contractor management (self) assessment reports, meeting minutes, meeting agendas, notes, logbook copies, weekly/monthly/quarterly reports, CAS Validation Reports, etc.

- b. Oversight Management Plans (OMPs) will be developed by the Project Manager, General Counsel, and each APM Organization for each fiscal year. Plans will define oversight activities to be conducted by each organization as deemed appropriate by the head of the organization on a quarterly basis. They must include a three-year schedule with activities

listed by quarter for each APM section. OMP development will be informed by management's internal assessments of the adequacy and effectiveness of prior years' plans in order to promote continual improvement of the plans. Plans will be submitted to the Project Manager for review and approval prior to the start of each fiscal year by August 31. OMPs will be administered for each organization by an OMP Coordinator assigned by appropriate authority within the organization. A report of the status of oversight per the approved OMPs will be assembled and provided to the Project Manager on a quarterly basis. OMPs should be developed using a risk-informed approach in accordance with the latest revision of DOE O 226.1, *Implementation of DOE Oversight Policy*. The rigor and frequency of oversight will be tailored to the risk (risk to personnel, the environment, the public, security, or the program) associated with the program or activity and based upon the contractor's past performance in the area. Programs and processes that are deemed to be of higher consequence (risk to personnel, the environment, the public, security, or the program) should be assessed with a higher degree of rigor, more frequently, or both. Areas where the contractor has been underperforming should also be assessed in this manner.

All findings (non-conformances) identified during the oversight process will be tracked in the SPRPMO ATS. Refer to SPRPMO G 220, *SPR Assessment Tracking System User's Guide*, for specific instructions on how to utilize this program.

Findings resulting from oversight activities will be reviewed by the M&O contractor Lessons Learned Coordinator and Operating Experience Coordinator, for potential inclusion into the respective programs and reported to the SPRPMO Quality Council on a quarterly basis.

- c. Performance Measures will be utilized for the M&O contractor each fiscal year and communicated to the contractor through the Contracting Officer to ensure performance expectations are communicated and to ensure their performance meets or exceeds requirements.
- d. Communication of performance expectations and performance analysis will be handled formally using approved contracting channels. Performance expectations will be identified in the M&O contract; the Performance Evaluation Management Plan (PEMP) per the latest revision of SPRPMO O 210.2, *SPRPMO Performance Measurement Order*; and Work Authorization Directives. Performance ratings will be provided quarterly through Performance Evaluation Committee (PEC) Reports formally

transmitted through contracting channels and annually through correspondence from the Fee Determining Official (FDO) and by presentation of results by the SPR Project Manager (also routed through contracting channels). These mechanisms will be conducted in accordance with the latest revision of SPRPMO O 210.2.

Note: Feedback provided to the contractor as part of the PEMP/PEC process must be consistent with the ratings issued and provide cogent discussion of deficiencies or accomplishments so that the contractor can understand what and how to improve or what to reinforce as a best practice.

5. RESPONSIBILITIES.

- a. Project Manager. Ensures implementation of the SPRPMO Oversight Program. Establishes and implements line management oversight programs and processes at the Field Element level to meet the requirements of this Order and hold personnel accountable for implementing these programs and processes. Ensures oversight is conducted by all organizational elements in accordance with this order. Reviews and approves OMPs created by each organizational element and receives and takes appropriate action based upon quarterly OMP Status Reports. On an annual basis, develops and submits an OMP and its revisions to the OMP Coordinator. Identifies oversight activities in the Project Manager OMP and creates a schedule of the oversight activities for a three-year time frame, with actions performed on a quarterly basis. Assigns an OMP Coordinator for the organization. Encourages use of lines of inquiry (LOIs) or other valid requirement assessment methodologies for each program area that falls under the Project Manager's organization. Ensures assessment plans for all planned oversight activities are developed and approves each plan. Perform CAS evaluations on the Project Manager program areas on an annual basis. Notifies the Contracting Officer of affected contracts so that the CRD (or its applicable requirements) can be incorporated into those contracts. Approves the initial CAS description. Review and assess the effectiveness of the CAS. Establish performance expectations and communicate same to contractors through formal contract mechanisms. Uses the results of DOE line and independent oversight and contractor assurance systems to make informed decisions about corrective actions and the acceptability of risks and to improve the effectiveness and efficiency of programs and site operations.

- b. SPRPMO General Counsel. On an annual basis, develops and submits an OMP and its revisions to the Project Manager for approval. Identifies oversight activities in the General Counsel OMP and creates a schedule of the oversight activities for a three-year time frame, with actions performed on a quarterly basis. Assigns an OMP coordinator for the organization. Ensures LOIs are created for each program area that falls under the General Counsel organization. Ensures assessment plans for all oversight activities are developed and approves each plan. Performs CAS evaluations on the General Counsel program areas on an annual basis.
- c. Assistant Project Managers/Federal Project Directors (FPDs). On an annual basis, conducts management reviews the adequacy of prior year plans and develops and submits an OMP for their organization and its revisions which incorporate improvements (if any) to the Project Manager for approval. Identifies oversight activities in the APM OMP and creates a schedule of the oversight activities for a three-year time frame, with oversight to be performed on a quarterly basis. Assigns an OMP coordinator for their organization. Ensures LOIs or other valid requirement assessment methodologies are used for each program area that falls under their organization. Ensures assessment plans for all planned oversight activities are developed and approves each plan. Performs CAS evaluations on their program areas on an annual basis.
- d. Quality and Performance Assurance Director (QPAD). Serves as the lead in ensuring the requirements of this Order are implemented, and coordinates ongoing support from all organizational elements, as needed. Ensures that the M&O contractor Lessons Learned Coordinator and Operating Experience Coordinator review non-conformances for potential inclusion into the respective programs and reported to the SPRPMO Quality Council on a quarterly basis. For those assessment programs that fall under the purview of the Quality and Performance Assurance Division, ensures trained and qualified personnel are assigned to conduct effectiveness reviews of corrected non-conformances for issues that were categorized as high, medium, and low-risk Corrected non-conformances will be reviewed as part of the Independent Assessment Program in accordance with the latest revision of SPRPMO O 220.1, *On-Site Management Appraisals*..
- e. Directors/Deputy FPDs. Develops LOIs for the program areas under their responsibility. Identifies oversight activities and assessments in the OMP of their respective organization. Schedules and performs oversight activities on a quarterly basis. Ensures assessors participate in oversight

activities including organizational awareness, assessments, and the corrective actions process as appropriate to their expertise and as required. Where applicable, provides quarterly oversight input to the Performance Fee Board Secretary on contract performance of the contractor. Ensures federal oversight of the CAS and that results are communicated to the Contracting Officer (CO). Ensures trained and qualified personnel are assigned to conduct effectiveness reviews of corrected non-conformances for issues that were categorized as high, medium, and low-risk. Corrected non-conformances will be reviewed as part of the Independent Assessment Program in accordance with the latest revision of SPRPMO O 220.1, *On-Site Management Appraisals*.

- f. Contracting Officer. Performs oversight responsibilities consistent with the latest revision of the *APM Oversight Management Plan for Management and Administration*. Ensures that Contracting Officer Representatives (CORs) are qualified and certified to perform contract oversight as required by federal regulations and DOE requirements. Incorporates the CRD or equivalent national and international consensus standards or contract clauses into their contracts as soon as practical but no later than 6 months after the effective date of this Order. Transmits performance expectations to the contractor through official channels. Transmits plans and reports for planned assessments to the contractor through official channels.
- g. Contracting Officer Representative. Refers to the COR Delegation Letter for oversight duties.
- h. Organizational OMP Coordinator. Monitors organizational oversight activities per the approved OMPs. Records status of oversight activities and location of associated oversight documentation. Works with the Support Services contractor to provide organizational inputs to the quarterly OMP Status Reports. Provides the quarterly OMP Status Report to the Project Manager as requested.
- i. Senior Site Representatives (Line Managers). Ensure that routine oversight activities are conducted using a risk informed approach by qualified personnel. Ensure that non-conformances resulting from any oversight activities are promptly and effectively communicated up the management chain to allow senior managers to make informed decisions.

6. DEFINITIONS.

- a. Apparent Cause. The underlying cause(s) of a very low-risk non-conformance which has been identified using a less prescriptive causal analysis protocol. Cause codes are not required for very low-risk non-conformances.
- b. Assessment. Planned and scheduled evaluations conducted to ascertain whether programs, processes, facilities, items, or activities perform effectively or efficiently as required by their respective objectives and applications.
- c. Audit. Formal, planned and scheduled examinations conducted to ascertain that programs, processes, facilities, items, or activities conform to specified requirements and determine that related functions and operations are performed systematically. Audits may be announced in advance or performed without advance notice.
- d. Causal Analysis. A formal analysis that is conducted to identify the underlying causes (causal factors) that led to a non-conformance or incident. Causal Analysis protocols used at the SPR include (but are not limited to) Five Whys, Occurrence Reporting and Processing System (ORPS), Integrated Safety Management (ISM) system, and TapRoot®.
- e. Causal Factor. The underlying cause(s) of a non-conformance which have been identified using a formal causal analysis protocol. The SPR will use ORPS and ISM cause codes to designate causal factors for high, medium, and low-risk non-conformances.
- f. Note: A single non-conformance may have multiple causal factors/
- g. Cause Code. A code that identifies the underlying cause of a non-conformance. Cause codes are defined by a formal system of analysis such as ORPS, ISM, or TapRoot®.
- h. Contractor Assurance System. A contractor implemented self-oversight system that encompasses all aspects of the processes and activities designed to identify deficiencies and opportunities for improvement, report deficiencies to the responsible managers, complete corrective actions, and share lessons learned effectively across all aspects of the operation.

- i. Contractor Assurance System Evaluation. Oversight of a CAS which encompasses activities performed by DOE organizations to determine whether contractor programs and management systems, including assurance and oversight systems, are performing effectively and complying with DOE requirements. Oversight programs include operational activities, on-site reviews, independent assessments, self-assessments, performance evaluations, and any other activity involving evaluation of contractor organizations and federal organizations that manage or operate DOE sites, facilities, or operations.
- j. Contractor Assurance System Matrix. A document identifying how the contractor performs self-assessments on each program area element to ensure DOE requirements are met. The CAS Matrix is reviewed by the contractor and submitted for DOE approval at least annually.
- k. Corrective Action Plan (CAP). The plan that identifies the series of steps or activities taken by an organization to correct the deficiencies that led to a finding (non-conformance) and prevent its reoccurrence.
- i. Document Review. An evaluation that is intended to verify conformance to requirements. Documents include any physical or electronic command media, (e.g. Orders, Notices, Policies, Work Instructions, Plans, etc.) that provide guidance or direction for performing work, making decisions, or rendering judgments which affect the safety, quality, or effectiveness of programs, processes, products, or services. They may also include required information that documents the performance of work, work products, correspondence, meeting minutes, etc.
- j. Effectiveness Review. A review performed by trained and qualified personnel on a high, medium, or low-risk finding (identified in an earlier assessment that has had a CAP developed, approved, completed, and closed). Effectiveness reviews are performed at least six months after CAP closure to ensure there is sufficient time for implementation and sufficient data to review. Effectiveness reviews intended to confirm that the CAP was effective, and that the non-conformance has not reoccurred. Effectiveness Reviews are conducted as part of the Independent Assessment Program as specified in the latest revision of SPRPMO O 220.1, *On-Site Management Appraisals*.
- k. Finding. A failure to conform to a contract or regulatory requirement, policy, procedure, or control that is identified through examination or

investigation. Findings are categorized according to the SPR Risk Coding Matrix as defined in the latest version of SPRPMO O 220.1 (please refer to Section 7.j(2)).

- l. Independent Assessment. An assessment conducted either by individuals within the organization or company but independent from the work or process being evaluated, or by individuals from an external organization or company.
- m. Issues Management System. A system designed to capture program performance deficiencies, perform timely reporting of deficiencies, assess risk associated with deficiencies, ensure that corrective actions are implemented as needed, ensure causes of deficiencies are analyzed, and ensure corrective actions are tracked to completion. For most findings on the SPR, ATS is used as the Issues Management System. Exceptions where ATS is not the primary issues management system include:
 - (1) Findings identified as high risk (Risk Category 1) to the program are tracked for status in ATS but are managed by an investigation team assigned by the Project Manager.
 - (2) Findings issued in the ORPS which are tracked for status in ATS but managed by the ORPS system.
 - (3) Findings generated by the Office of the DOE General Counsel which are tracked and managed by the General Counsel.
 - (4) Findings generated by the Security and Emergency Operations Division which have been deemed to be classified or sensitive by a DOE Derivative Classifier are managed in the SSIMS and a non-sensitive version of the finding is placed into ATS for tracking by local managers, but ATS is not the controlling database.
- n. Management Assessments. An assessment conducted by management to identify the management systems, processes, and programs that affect performance and recommend improvements. Management assessments look at the total picture including how well the management systems and processes meet the customer's requirements, compliance with standards and requirements; meet the expectations for safely performing work; clarity of the organizational mission, goals, and objectives; and identifying and correcting problems that hinder the organization from achieving its objectives.

- o. Observation. An assessment result that identifies a situation that is presently in conformance with requirements, but has the potential for future problems, deficiencies, failures, or adverse conditions; or could be done more efficiently in the estimation of the assessor. Observations may also draw attention to a best practice that should be considered for wider application. Observations are opinions and are not required to be implemented by the contractor but are to be considered for implementation and reported upon to the issuing assessor. Observations are tracked for status in ATS.
- p. Operational Awareness. Day-to-day surveillance that ensures cognizance of overall facility or activity status, major changes planned, and overall safety posture; ensures that operations are safely performed within the safety basis; provides early identification of vulnerabilities; verifies that the contractor is effectively controlling operations and conducting credible self-assessments; ensures that effective lines of communication exist; and supports any emergency response. Operational awareness also extends to daily program and project management activities to maintain a current awareness of status, enforceable milestones, performance expectations and measures, and contract deliverables or requirements.
- q. Oversight. The combination of assessments, audits, measures, and operational awareness activities conducted to ensure conformance with contract and regulatory requirements, evaluate the effectiveness of contractor actions, and measure contract performance. Oversight at the SPRPMO includes operational awareness activities (i.e., facility/system walk downs, conducting monitor watches and backshift surveillances, reviewing documents, monitoring training, directly observing work, and attending facility meetings), on-site reviews, assessments, self-assessments, performance evaluations, and any other activity that involves evaluation of contractor/subcontractor organizations.
- r. Oversight Documentation. Any document or record that substantiates the conduct of oversight has occurred. Oversight documentation consists of a variety of types (plans, reports, presentations, notes, log entries, e-mails, correspondence, agendas, minutes, ATS entries, SSIMS entries, SharePoint Files, etc.) and may take many forms (printed hard copies, database entries, hand written, electronic, etc.).

- s. Oversight Management Plan. A formal plan of required oversight established by each SPR organizational element (Project Manager, General Counsel, APM-TA, APM-M&O, APM-S&P, and APM-M&A). OMPs use a risk-based approach to identify and establish the required frequency of all oversight activities to be conducted by the organization. OMPs must be updated prior to the start of each fiscal year no later than August 31 and approved by the Project Manager.
- t. Repeat Finding (non-security). Two or more different non-conformances identified by any entity that involve substantially similar work activities, locations, equipment, or individuals where it would be reasonable to assume that the contractor's corrective actions for the first occurrence should have prevented the subsequent non-conformance. Repetitive non-conformances involve similar circumstances or root causes, separated by a period of time, that suggest the possibility of a common solution.
- u. Repeat Finding Procedure (non-security). When a non-conformance is identified, the issuing organization should determine if it is a repeat finding as defined above. If it is a repeat finding, the issuing organization should then determine if the original finding is currently open (still being corrected and not approved for closure in the issues management system) or closed (approved for closure in the issues management system). Based upon the result of this analysis, the issuing organization should perform the following:
 - (1) If the original finding is open, the original finding write-up in the issues management system should be updated to identify that a subsequent instance of the finding has been identified.

Note: In this instance, the second finding will not be identified as a repeat finding since the finding was still being corrected at the time of discovery of the second instance. This circumstance will not affect the CAEI score defined in Attachment 3.
 - (2) If the original finding has been closed, the second finding will be entered into the issues management system as a new finding and will be designated as a repeat finding.
- v. Security Repeat Finding. Each site holds a Facility Clearance (FCL) that, per DOE O 470.4B, *Safeguards and Security Program*, determines the eligibility of a federal or contractor facility to access, receive, generate, reproduce, store, transmit, or destroy classified information or matter;

handle hazardous materials presenting a potential chemical or biological sabotage threat; or maintain DOE property of significant monetary value. Since sites stand alone with respect to their FCL, new findings can be issued at a site even if there is an open finding of a similar nature at another site. Because of this, Security non-conformances require a special repeat finding procedure.

- w. Security Repeat Finding Procedure. When a non-conformance is identified at a site that was previously identified at another site (and is still being corrected), a new (non-repeat) finding will be entered. If a finding that is closed at a site is found again at any site (indicating that the CAP for the original finding was not effective) a repeat finding will be entered.
- x. Self-Assessments. Assessments that are designed to gauge effectiveness, operability, compliance, or status of a process or entity. They are performed by personnel within a process or entity or with direct responsibility for that process or entity.
- y. Surveillance Methods. Techniques used for assessing and assuring contract compliance, and which help to identify areas requiring corrective actions. Surveillance Techniques can include all of the following:
 - (1) Test/Inspection. This may be appropriate for infrequent work (e.g. one-time fabrication to print) or for stringent, high-risk performance requirements (e.g., safety or health). With this method, contractor performance is verified by the government at appropriate stages within the development, manufacturing, or delivery of the product or service. Test/inspection approaches can range from mandatory test/inspection, to periodic sampling depending on the risk related to the product/service being delivered and the demonstrated performance of the contractor.
 - (2) Process/System/Product Monitoring. Monitoring of contractor critical process, system, and/or product performance is a surveillance method. This type of monitoring is typically conducted to supplement test and inspection results, but can also be used in lieu of test and inspection where appropriate. This monitoring can be achieved through evaluation of contractor provided performance metrics, a periodic independent review of contractor performance conducted by a designated government representative (e.g. participation in a design review, conducting an evaluation of a

product or service delivery, or performing a government on-site assessment of a contractor process or system), or by a recognized “third party” certification body (for example, a quality system registrar). Utilization of non-intrusive techniques such as use of contractor reporting, shared access to data systems, and the use of data accession (data available upon request) are recommended approaches to consider when defining this surveillance method.

- (3) Record Review. Review of records provides evidence that program and project activities are conducted according to requirements. Assessors should review records to determine if evidence demonstrates the program is adhering to requirements.
 - (4) Interviews. Interviews should include personnel responsible for the development and conduct of the program, with focus on evaluating their understanding of its purpose and their responsibilities to it. Results of interviews must be corroborated by other evidence.
 - (5) Performance Observation. Performance Observation provides assessors opportunity to observe work processes and evaluate whether the program is being maintained according to standards and requirements.
 - (6) Customer Input. Although usually not a primary method, this is a valuable supplement to more systematic methods. For example, in a case where sampling indicates unsatisfactory service, customer complaints can be used as substantiating evidence. In certain situations where customers can be relied upon to complain consistently when the quality of performance is poor, e.g., dining facilities and building services, customer surveys and customer complaints may be a primary surveillance method, and customer satisfaction an appropriate performance standard. In all cases, complaints should be documented, preferably using a standard form.
- z. Validation. A process to confirm by examination and provision of objective evidence that programs, processes, facilities, items, or activities meet the intended uses or needs of an organization.
 - aa. Verification. A process to confirm by examination and provision of objective evidence that specified requirements (as by specification, procedure, contract, order, or otherwise) have been fulfilled.

7. CONTACT. Questions concerning this Order should be addressed to the SPRPMO Director, Quality & Performance Assurance Division at

[REDACTED]

[REDACTED]

Project Manager
Strategic Petroleum Reserve

2 Attachments:

Attachment 1 – Contractor’s Requirement Document – Management and Operating Contractor, Contractor Assurance System

Attachment 2 – Evaluation of Contractor Assurance System

**CONTRACTOR REQUIREMENTS DOCUMENT
FOR MANAGEMENT AND OPERATING CONTRACTOR
SPRPMO O 226.1D, STRATEGIC PETROLEUM RESERVE
PROJECT MANAGEMENT OFFICE OVERSIGHT PROGRAM,
Dated 09/30/2021**

CONTRACTOR ASSURANCE SYSTEM (CAS)

Regardless of the performer of the work, the contractor is responsible for complying with the requirements of this Contractor Requirements Document (CRD). The contractor is responsible for flowing down the requirements of this CRD to subcontractors at any tier to the extent necessary to ensure the contractor's compliance with the requirements. Contractors must monitor and evaluate all work performed under their contracts, including the work of subcontractors, to ensure work performance meets the applicable Department of Energy (DOE) requirements. These areas include but are not limited to: Environmental Management System, Safety and Health (including Integrated Safety Management (ISM), Security/Safeguards, Cyber Security and Information Technology Services/Data Systems, Fire Protection/Emergency Management, Quality Assurance Program, Legal, Project Management, Financial Systems, Personnel/Human Resources/Human Capital, Internal Audit, Operations and Maintenance, Cavern Integrity, Procurement, Property, Engineering, Construction, Capital Projects, and any areas subsequently identified by DOE APMs.

1. RESPONSIBILITIES.

In addition to the requirements of the latest version of DOE Order 226.1 *Department of Energy Oversight Policy*, the contractor must apply the following:

- a. This CRD applies to (but is not limited) to the following areas: Environmental, Safety and Health, Security, Cyber Security, Emergency Management, Quality Assurance), Legal Issues, Project Management Issues, Data Systems, ISM, Finance, Human Resources, Internal Audit, Operations and Maintenance, Cavern Integrity, Procurement, Property, Engineering, Construction, Capital Projects and any areas subsequently identified by DOE APMs.
- b. Principles in all processes and procedures, and implementation of worker protection programs, in compliance with federal and local requirements relative to SPRPMO N 450.4, *Implementation of Environmental, Safety, and Health Contractor Requirements Documents*, or most current version and applicable DOE Directives and Occupational Safety and Health Administration standards are covered. Contractor procedures will clearly

identify all documented information necessary to demonstrate conformance with applicable laws, regulations, and DOE directives.

- c. A comprehensive and integrated CAS must be established to:
 - (1) Identify and address program and performance deficiencies.
 - (2) Identify and address opportunities for improvement.
 - (3) Provide the means and requirements to report deficiencies to the responsible managers and authorities.
 - (4) Establish and effectively implement corrective and preventive actions.
 - (5) Share lessons learned across all aspects of operations.
- d. The contractor must establish a CAS that includes assignment of management responsibilities and accountabilities and provides evidence to assure both the DOE's and the contractor's management that work is being performed safely, securely, and in compliance with all requirements; risks are being identified and managed; and the systems of control are effective and efficient. The CAS status will be reported to DOE counterparts on a quarterly basis, and reported to DOE management during Project Review.
- e. The CAS, at a minimum, must include the following:
 - (1) A method for validating the effectiveness of assurance system processes. Third party audits, peer reviews, independent assessments, and external certifications may be used and integrated into the contractor's assurance system to complement, but not replace, internal assurance systems. Results of such methods will be rigorously documented and provide sufficient evidence to demonstrate effectiveness of assurance system processes.
 - (2) Rigorous, risk-informed, and credible self-assessment and feedback and improvement activities. Assessment programs must be formally described and documented, and appropriately cover potentially high consequence activities.
 - (3) Assist in the development of an issues management program capable of categorizing the significance of findings based on risk and priority and other appropriate factors that enables contractor management to

ensure that problems are evaluated and corrected on a timely basis. For issues categorized as findings, contractor management must ensure the following activities are completed and documented:

- (a) A thorough analysis of the underlying causal factors is completed, and an extent of condition analysis is performed and documented to ensure causal factors will be addressed at all affected sites and in all affected programs.
 - (b) Timely corrective actions that will address the cause(s) of the findings and prevent recurrence are identified and implemented.
 - (c) After completion of a corrective action or a set of corrective actions, an effectiveness review is conducted using trained and qualified personnel that can validate the effectiveness of corrective action/plan implementation and results in preventing recurrences.
 - (d) Documentation of the analysis process and results described in 1.e(3)(a) above, and maintenance and tracking to completion of plans and schedules for the corrective actions and effectiveness reviews described in 1.e(3)(b) and (c) above in a readily accessible system.
 - (e) Communicates issues and performance trends or analysis results up the contractor management chain to senior management using a graded approach that considers hazards and risks, and provides sufficient technical basis to allow managers to make informed decisions and correct negative performance/compliance trends before they become significant issues.
- (4) The issues management program must include trending and analysis based on validated information for all findings, discrepancies, and observations under the purview of the contractor, for areas of improvement, lessons learned, as well as an opportunity to eliminate potential system weaknesses.
- (a) A quarterly status report of trending and analysis for the issues management program which must include all areas under the CAS will be submitted to DOE and results briefed at each Project Review.

- (b) Lessons learned and operating experience resulting from identification and correction of SPR non-conformances must be tracked in an employee accessible format and be used to inform work planning activities in accordance with the DOE Integrated Safety Management System Core Function 5.
 - (5) The SPR Assessment Tracking System (ATS) must be employed (except as noted in Section 6.m of this order) such that:
 - (a) Program and performance deficiencies are captured (individually and collectively) to provide for timely reporting and taking compensatory corrective actions when needed.
 - (b) Findings are evaluated and corrected on a timely basis. CAPs for all non-conformances issued on the SPR (regardless of the issuer of the non-conformance) will be developed and approved on timelines according to the risk assigned to the non-conformance as defined in the latest revision of SPRPMO O 220.1, *On-Site Management Appraisals*.
 - (c) Guidelines, including those for completion of intermediate process steps, as identified in the SPRPMO G 220, *SPR ATS User's Guide* are followed.
 - (6) Continuous feedback and improvement, including worker feedback mechanisms (e.g., employee concerns programs, telephone hotlines, employee suggestions forms, etc.), improvements in work planning and hazard identification activities, and lessons learned programs.
 - (7) Timely and appropriate communication to the Contracting Officer, including electronic access of assurance-related information.
 - (8) Metrics and targets to assess the effectiveness of performance, including benchmarking of key functional areas with other DOE contractors, industry, and research institutions.
- f. The contractor must submit an initial CAS description to the Contracting Officer for review and approval. That description must clearly define processes, key activities, and accountabilities. An implementation plan that considers and mitigates risks should also be submitted if needed and should encompass all facilities, systems, and organization elements. Once the description is approved, timely notification must be made to the

Contracting Officer of significant assurance system changes prior to the changes being made.

- g. To facilitate appropriate oversight, CAS data must be documented and readily available to SPRPMO personnel. Results of assurance processes must be analyzed, compiled, and reported to SPRPMO as requested by the Contracting Officer (e.g., in support of contractor evaluation or to support review/approval of corrective action plans).
- h. The contractor will work with each of the SPRPMO Oversight Program Owners to develop a CAS matrix for each oversight area. The CAS matrix will identify how the contractor will perform self-assessments on each program area element to ensure DOE requirements are met and should be reviewed by the contractor and submitted for DOE approval at least annually.
- i. The contractor will provide status on each oversight area in Performance Scorecard and review results at Project Review.
- j. Contractor personnel who manage and perform assurance functions must possess experience, knowledge, skills, and abilities commensurate with their responsibilities.
- k. The contractor must establish and maintain appropriate qualification standards for personnel with oversight responsibilities.
- l. The contractor must establish and clear, unambiguous lines of authority and responsibility for personnel performing oversight.
- m. The contractor shall develop an oversight activities schedule based on a three-year schedule with actions identified on a quarterly basis. The contractor will submit a quarterly oversight report showing status against the three-year oversight schedule. Results shall also be presented at each Project Review.
- n. The Lessons Learned and Operating Experience Coordinators will review all findings resulting from oversight activities by the contractor and DOE for possible submission into the SPRPMO Lessons Learned Program and the DOE Corporate Lessons Learned Program. Results of these reviews will be presented to DOE at the quarterly Quality Council Meeting.

EVALUATION OF CONTRACTOR ASSURANCE SYSTEM (CAS)

The following criteria should be applied for oversight and evaluation of the Management and Operating (M&O) contractor CAS. In addition to the specific criteria listed, other CAS performance factors may be evaluated as appropriate and approved by the Contracting Officer. The frequency and depth of assessment should be risk-informed, based on the contractor's demonstrated performance level, and management's needs. An appropriate sampling from each category shown below should be performed.

The contractor will work with each of the Strategic Petroleum Reserve Project Management Office (SPRPMO) Oversight Program Owners to develop a CAS matrix. The CAS Matrix should be evaluated for adequacy and approved at least annually by the Oversight Program Owner. The Oversight Program Owner's evaluation shall ensure the efficient application of oversight and that all Department of Energy (DOE) requirements are met.

1. **CONTRACTOR SELF-ASSESSMENT PERFORMANCE.** Contractor assessments, both management and independent assessments, should be evaluated using the following criteria:
 - a. Assessments are conducted by the contractor at an appropriate depth and breadth.
 - b. Assessments performed by the contractor are sufficiently critical.
 - c. Assessment reports are factual, accurate, and conclusions are adequately supported.
 - d. Issues identified by the assessment are properly entered into ATS.
 - e. Persons who perform the assessment are technically qualified and knowledgeable.
 - f. Self-assessments involve workers, supervisors, and managers.
 - g. Self-assessment results are effectively communicated to affected work groups and individuals.

- h. Self-assessments are completed per the assessment schedule established by the contractor.
- 2. ISSUES MANAGEMENT PERFORMANCE. The findings entered into ATS by the contractor should be reviewed (including non-conformances and occurrence reporting corrective actions) and evaluated using the following criteria:
 - a. Findings are properly documented in ATS.
 - b. Issues are afforded appropriate management review, prioritization, and assignment.
 - c. Causal analysis is appropriate and adequate.
 - d. Corrective actions are capable of correcting the identified deficiency.
 - e. Issues that are processed through ATS meet the timeliness and quality requirements established.
 - f. Extent of condition and effectiveness reviews are completed after closure of high, medium and low-risk non-conformances.
- 3. CORRECTIVE ACTION PERFORMANCE. Closed findings for which a corrective action plan (CAP) was completed (closed, cancelled, etc.) are evaluated using the following criteria:
 - a. Findings were closed after the deficient condition(s) were corrected.
 - b. Actual actions taken were consistent with the CAP.
 - c. Corrective actions were completed within the agreed upon estimated closure date (ECD).
 - d. Objective evidence of causal analysis (or apparent cause) and action completion is readily available (in ATS).
- 4. EVENT RESPONSE AND REPORTING PERFORMANCE. Evaluation of operational and abnormal events should be performed consistent with SPRPMO O 232.1, *Occurrence Reporting and Processing System* with the following criteria considered:
 - a. Initial Notification Report was timely and adequate.

- b. Occurrence Reporting and Processing System categorization, notification, or report was timely, accurate, and adequate.
- c. Notification meets requirements defined in the current contract.
- c. Critique/fact finding was performed and adequate when required by contractor processes.
- e. Immediate actions were timely and adequate.