

REPORT: ACQUISITION AND PROJECT MANAGEMENT

September 25, 2008

Submitted by the EMAB Acquisition and Project Management Subcommittee

Background:

In Fiscal Year (FY) 2008, EMAB was tasked to continue a review of the Office of Environmental Management's (EM) acquisition and project management practices in terms of its members' own industry standards, and to continue to work with Office of Acquisition and Project Management (EM-50) on its initiatives, providing advice and consultation as appropriate.

The topics of Acquisition, Project Management, and Small Business were previously discussed during EMAB's public meetings in September 2007 and May 2008. In order to further pursue its charge, the Board established an Acquisition and Project Management Subcommittee – consisting of members, Mr. G. Brian Estes, Dr. Dennis Ferrigno, Dr. Lawrence Papay, and Mr. David Swindle – to dialogue with EM-50 staff and engage in fact-finding meetings and teleconferences with senior EM personnel.

Findings and Observations:

EMAB commends Assistant Secretary James Rispoli and Mr. Jack Surash, Deputy Assistant Secretary for Acquisition and Project Management, for their leadership and numerous acquisition achievements.

During the Board's May 7, 2008, meeting in Washington D.C., Mr. Surash provided an update on EM acquisition initiatives and discussed in detail, the issues summarized below.

1. Organization

Mr. Surash reported that the greatest roadblock to improving EM's acquisition system is the delay in filling authorized FTE positions. Out of 53 authorized FTE positions in EM-50, approximately 39 are currently filled (74%), and five have been added as a result of the National Academy of Public Administration's (NAPA) recent report. Additionally, personnel turnover has resulted in the vacancy of three Senior Executive Service (SES) office director positions; however, due to a DOE-Headquarters (HQ) freeze on SES positions, EM-50 is only authorized to fill one of the three vacancies.

It appears that the DOE-HQ SES freeze is a result of a Department-wide policy and allocation process that requires organizations to defend backfilling vacated SES positions at the SES level. In the instance of EM-50, this means that the responsibility for current workloads is handled by a rotation of onboard personnel who serve as acting directors for a maximum of 120 days at a time. However, in light of these temporary assignments, EM-50's planning and long-term functions are suffering. Although major procurements

have not yet been affected, the EM-50 staff cannot keep up with the current and projected workload indefinitely.

2. Contract Authority Delegations

Updated Head of Contracting Activity (HCA) delegations have been released. Mr. Surash has been delegated an HCA authority of \$50 million, and has in turn delegated \$25 million HCA authority to the field, which may be sub-delegated as appropriate. There have also been a number of one-time delegations; for example, a \$67 million small business set-aside contract at the Portsmouth site was awarded in six months, a significant improvement in lead time, with a one-time delegation. Lastly, the EM Consolidated Business Center (CBC) is requesting a pilot delegation of \$100 million.

3. Large Procurements

Large procurements are on schedule. The Savannah River Management and Operating (M&O) contractor transition was a success, and the Richland and Office of River Protection Tank Operations and Central Plateau transitions should be complete in October.

4. National Academy of Public Administration Study

Implementation of the NAPA recommendations has successfully continued. Mr. Surash also advised that a new NAPA study on the DOE Human Resources and Chief Financial Officer functions is underway.

5. Best-in-Class Study

Only one meeting has been held to discuss the Acquisition Best-in-Class effort; action on this initiative appears to be slow in coming. For example, while the study shows a gap of 159 project managers, the hiring of 20 has been authorized. Mr. Surash recommended EMAB invite Mr. Scott Van Camp to a Board meeting for an update on Best-in-Class progress and initiatives.

6. Business Clearance Initiative

The DOE procurement manager published a report in December 2007, but efforts to implement its recommendations are not apparent. Lengthy business clearance delays can be a significant factor in the overall procurement timeline. Therefore, resolution of the issues raised in the December 2007 report should be pursued.

7. Budgeting

A lack of program management funds limits the EM-50 staff's ability to grow as recommended by both the NAPA report and the Best-in-Class Initiative. Furthermore, the lack of effective multi-year planning and programming capabilities results in fragmented and potentially inefficient project execution over long periods of time.

8. *Consolidated Business Center (CBC)*

The CBC is very busy, particularly with the work at the Portsmouth and Paducah sites. The Portsmouth Decontamination and Decommissioning (D&D) Request for Proposal draft will likely be released in August and should not be affected by the upcoming administration transition.

In addition to the upcoming Portsmouth D&D procurement, the CBC and Acquisition Center will handle a number of other projects, each managed by an integrated project team.

Lastly, Mr. Surash indicated a need for EM-50 and the CBC to work on priority-setting with regard to assigning resources and timeframes for different procurements (i.e. large versus small procurements).

9. *Architect-Engineering (A-E) Services*

Mr. Surash indicated that Brooks Bill procedures (PL 92-585: 86 STAT.1278) are not being used for work involving only A-E services. These procedures provide for the selection of the most qualified firms and ensure that a fair and reasonable fee is negotiated following selection. This is an effective tool for acquiring A-E services and should be considered and made available to EM-50.

10. *Small Business*

Mr. Surash indicated that the small sites are doing well with regard to small business procurements; however, large sites are not participating to the degree expected. He intends to meet with site managers to bring their attention to this issue.

The small business award of the \$67 million prime contract at the Portsmouth site is an example of the progress discussed above. However, Mr. Surash indicated that he has not fully addressed NAPA's recommendations regarding small business procurements, and while EM has achieved some success, the program needs to implement a more strategic approach.

11. *Project Manager Certifications*

Recent data indicates that 77% of EM project managers are certified and 39% are certified at the appropriate level.

Mr. Surash explained that there has been a lag in project managers submitting certification paperwork. He has put himself on the certification board, and will push to ensure that applications are submitted in a timely manner.

The appropriate levels of certification are a function of time and will take longer to achieve.

Recommendations:

Recommendation 2008-21: Seek an end to the Senior Executive Service hiring freeze in order to fill critical management positions in the Office of Acquisition and Project Management.

Suggestions for Implementation:

- If an end to the freeze is not imminent, EM should seek one-time exceptions to maintain momentum and ensure the long-term health of the organization.

Recommendation 2008-22: Obtain authority to use Brooks Bill procedures for professional Architect-Engineering services.

Suggestions for Implementation:

- EM should obtain information on the benefits of Brooks Bill A-E services and research the implementation of its procedures at other federal agencies and procurement offices, such as the Department of Defense.

Recommendation 2008-23: Implement the improvements identified in the Business Clearance Improvement Initiative.

Suggestions for Implementation:

- Meet with the Chief Financial Officer to request early resolution of these issues.