

U.S. Department of Energy
**INTERIM REPORT TO THE ENVIRONMENTAL MANAGEMENT
ADVISORY BOARD**

Removal of EM Projects from the GAO High Risk List:

***Strategies for Improving the Effectiveness of Project and Contract Management
in the Office of Environmental Management***

Submitted by the EMAB Acquisition and Project Management Subcommittee

February 24, 2011

Background:

On March 31, 2010, Dr. Inés Triay, Assistant Secretary for the U.S. Department of Energy's (DOE) Office of Environmental Management (EM), tasked the Environmental Management Advisory Board (EMAB) to provide observations and recommendations regarding EM's updated strategy for reducing project and contract risks, and removing EM projects from the Government Accountability Office's (GAO) High Risk List. In response to this charge, members of the EMAB Acquisition and Project Management Subcommittee (Subcommittee) developed a Terms of Reference document outlining their specific tasks and the proposed actions needed to meet Dr. Triay's requirements. Dr. Triay approved the proposed Terms of Reference on June 4, as noted in the memorandum from Mr. Frank Marcinowski, Deputy Assistant Secretary for Technical and Regulatory Support. A report was approved by the EMAB on September 15, and submitted to Dr. Triay.

On November 1, 2010, Dr. Triay forwarded a response memorandum to the September 15 report. This response addressed each issue raised and each recommendation made, and listed actions being taken to improve project and contract management. On November 2, a very comprehensive report (124 pages) outlining continuous improvement actions in acquisition and project management was approved by Dr. Triay, and a conference call was held with EM senior management to discuss the response memorandum and to answer questions.

On November 8, 2010, Deputy Secretary Poneman forwarded a letter to the Acting Comptroller General at the GAO indicating how EM improvement initiatives are addressing shortcomings identified in previous GAO reports. On November 17, an EMAB public meeting was held via teleconference and the full Board approved a report of the Subcommittee concluding that the response was comprehensive and aligned with the September 15 recommendations.

Interim Findings and Observations:

Representatives of the Subcommittee participated in the December 1-2, 2010, DOE Contract and Project Management Summit convened by Deputy Secretary Poneman. This DOE-wide event brought together senior headquarters program managers and business management leadership, principal field office leadership, and outside perspectives from the Administrator of the Office of

Federal Procurement Policy and Office of Management and Budget. Some 40 action items were identified. Previous work and recommendations of the Subcommittee complemented and reflected the majority of the focus areas identified for action in the Contract and Project Management Summit.

Subcommittee members met with the directors of the DOE Office of Management and the DOE Office of Engineering and Construction Management on January 21, 2011. A conference call was also held with Frazer Lockhart, who spearheaded the development of the comprehensive November 2, 2010 report mentioned above.

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

1. A strong interest in improving and implementing changes where appropriate in acquisition and project management in the EM programs (as well as other DOE and National Nuclear Security Administration program operations) is evident at the very highest management levels of the Department and within EM. A continuation of such interest over the long run is needed to bring about positive and sustainable changes.

2. An impressive amount of effort has been applied to the improvement of EM acquisition and project management; however, the institutionalization and sustainability of these improvements will require continued attention and diligence from the EM Assistant Secretary. Further, the effectiveness of these changes can be assessed only by a review of results achieved. Areas for improvement remain such as clarity in the roles and responsibilities of DOE EM headquarters employees versus the field office employees, and change order management.

3. The process of identifying lessons learned is in place, but metrics and clear management expectations are required to enable assignment of accountability for using those lessons.

4. External reviews are in place and are producing benefits. Follow-up to resolve issues raised may need to become more robust.

5. Budget trends indicate there will be more pressure on program direction funding, suggesting a need to revisit the idea of developing a revolving fund to support project and acquisition management personnel costs.

The Subcommittee will focus on the following issues before the June 2011 EMAB meeting: (a) further review the lessons learned process; (b) advisability of returning to a Management and Operating (M&O) or M&O-like model for EM sites; and (c) EM's implementation of recommendations to improve acquisition and project management as presented by the Subcommittee on September 15, 2010 and addressed by EM-1 in the November 1, 2010 memorandum regarding planned actions to address the findings and recommendations.

Recommendations:

The subcommittee has no further recommendations at this time.