



KANSAS CITY SITE OFFICE

CONTRACT MANAGEMENT PLAN

For

**HONEYWELL FEDERAL MANUFACTURING &
TECHNOLOGIES, LLC**

KANSAS CITY PLANT

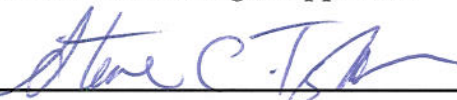
CONTRACT NO. DE-AC04-01AL66850

Head of Contracting Activity Concurrence:



Date 1-10-08

KCSO Site Manager Approval:



Date 1/11/08

CONTRACT MANAGEMENT PLAN

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1. INTRODUCTION

The term "Kansas City Plant" (KCP) as used herein includes several Government-owned or leased facilities, along with a variety of satellite operations. The primary facility is located in Kansas City, Missouri. Satellite operations include facilities located in Albuquerque, New Mexico, and support operations in Los Alamos, New Mexico; Fort Chaffee, Arkansas; and support operations at several training and communications sites.

The primary mission of the Kansas City Plant is the production and procurement of electrical, electronic, mechanical, electro-mechanical, plastic, and metal components and hardware for nuclear weapons. In performing its mission, the facility must closely interact with other production plants and design laboratories, other NNSA Site Offices, Headquarters, and other organizations. The KCP is operated under the direction of the NNSA Kansas City Site Office (KCSO).

It is the policy of the KCSO in the administration of this Contract to be fiscally and managerially responsible. Protection of the health and safety of the KCP federal, plant and contractor employees, the public, and the environment shall be paramount in all actions taken by KCSO and required of Honeywell Federal Manufacturing & Technologies (FM&T). KCSO shall "partner" with the Contractor to create a dynamic working relationship that strives for a "win-win" for all parties and stakeholders. The Contract document and all attachments govern the relationship between NNSA and FM&T take precedence over this Contract Management Plan (CMP). The KCSO Business Management Operations group shall maintain configuration control for this document.

The CMP provides overall guidance to employees involved with the oversight of the M&O contract. The CMP is a flexible contract administration tool and will be updated as changes occur in the contract oversight process. A key component of effective contract management under the CMP is the use of a team approach of NNSA/HQ, Site Office staff and M&O Contractor staff focused on the common goal of successful contract performance.

The CMP is developed in conjunction with the LOCAS process. Since the CMP and the LOCAS drive the mode of operation at the NNSA Site Office, the following figure 1 depicts the relational hierarchy between the systems.

Oversight Model

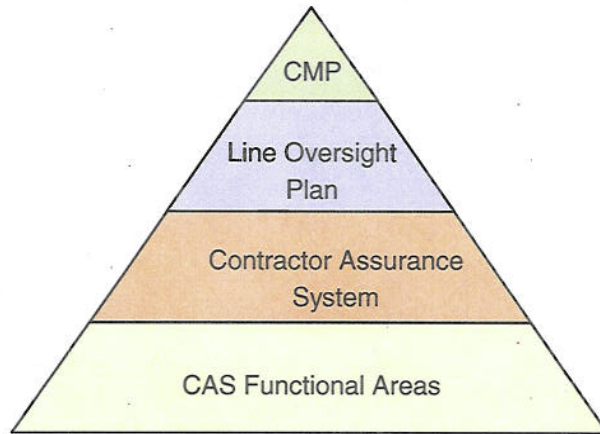


Figure 1.

Graphically demonstrates the hierarchy and responsibilities associated with CMP/LOCAS process.

2. **PURPOSE**

The purpose of this Contract Management Plan (CMP) is to describe the overall approach to managing and administering the Contract from the point of award through completion. It defines documents and describes the processes, policies, and procedures used by the KCSO to administer the Contract between Honeywell Federal Manufacturing and Technologies, LLC (FM&T) and the NNSA. It is an overarching document describing the interrelationship among several documents/systems, including the KCP Oversight Plan, KCSO's Line Oversight Plan, and FM&T's Management Assurance System (MAS).

This CMP (1) defines the contract administration process and various sub-processes, and their integration, to assure that the terms of the contract are met by the contractor and NNSA; (2) summarizes in a single document how KCP contract management and oversight responsibilities will be conducted; and (3) provides overall guidance to employees involved with the oversight of the KCP Contractor. The CMP does not identify every action that the government or contractor must complete or perform but rather sets forth the higher level contract requirements, deliverables, and performance activities. The CMP is a flexible contract administration tool and will be updated as changes occur in the contract management and oversight process.

Administration and oversight of the KCP contract is based on the (1) terms and conditions of the contract, (2) Federal Acquisition Regulation (FAR), (3) Department of

Energy Acquisition Regulation (DEAR), (4) NNSA procurement policies and directives, (4) other applicable laws, rules, and regulations.

A key component of effective contract management under the CMP is the use of a team approach of NNSA/HQ, KCSO, and contractor staff focused on the common goal of successful contract performance. The principles and concepts of contract assurance requirements are incorporated into the CMP.

This document will accomplish the following:

- Provide a high level overview in how the Contract is to be administered.
- Summarize the purpose, scope, features, and requirements of the Contract.
- Define the roles and responsibilities of the organizations involved in the administration of the Contract.
- Discuss the contracting authorities, delegations, and limitations of authorities.
- Identify how work is assigned or authorized.
- Outline the contract management process including planning, execution, evaluation, fee determination, and improvement.

2.1 Applicability

The Contract Management Plan is applicable for the management and administration of Contract No. DE-AC04-01AL66850, a M&O contract with Honeywell FM&T.

2.2 Maintenance and Distribution

The Site Contracting Officer (CO) at the Kansas City Site Office, who reports to the KCSO Site Manager through the Business Operations Director, maintains the Contract Management Plan. A copy will be included in the official Contract file. The KCSO will revise the manual periodically, as it is expected to be a “living document”. The most current version will be available electronically on the NNSA Service Center web site. The website address is as follows:

<http://www.doeal.gov/mocd/KansasCityPlant.htm>

3. *CONTRACT SUMMARY AND PRINCIPAL FEATURES*

3.1 Contract Summary

The Kansas City Plant is managed and operated under Prime Contract number DE-AC04-01AL66850 (hereinafter referred to as “the Contract”) by Honeywell FM&T, LLC on a cost-plus award fee basis. The current Contract for the management and operation of the KCP will expire on December 31, 2010.

The primary funding office for the KCP comes from the NNSA Defense Programs Office. Other funding sources include the Environmental Management (EM) and Work for Others (WFO) Programs.

The NNSA constitutes approximately 94% of all the funding for the KCP, of which 93% is Defense Programs and 1% is NN (Non-Proliferation). Other Federal Agencies, WFO, the NNSA staff, and support services make up the remaining 6% of the KCP Budget.

3.1.1 Structure

The following outline illustrates the structure of the KCP M&O Contract. The Contract is divided by sections. When the Contract is updated through a Contract Modification, each Modification is assigned a sequential number, such as M013 (meaning Modification number 13). For the sections and clauses shown below, when an “M” number is shown in parentheses, it indicates which Modification number revised that section or clause.

- SECTION A Solicitation/Contract Form (signed 10/19/2000 – see original Contract)
- SECTION B Supplies or Services and Prices/Costs
- SECTION C Description/Work Statement
- SECTION D Packaging and Marking
- SECTION E Inspection and Acceptance
- SECTION F Deliveries or Performance
- SECTION G Contract Administration Data
- SECTION H Special Contract Requirements
- SECTION I Contract Clauses
- SECTION J List of Attachments
 - APPENDIX A – PERSONNEL APPENDIX
 - APPENDIX B – SPECIAL FINANCIAL INSTITUTION ACCOUNT AGREEMENT FOR USE WITH THE PAYMENTS CLEARED FINANCING AGREEMENT
 - APPENDIX C – SMALL BUSINESS SUBCONTRACTING PLAN
 - APPENDIX D – KEY PERSONNEL

- APPENDIX E – LIST OF APPLICABLE DIRECTIVES
- APPENDIX F – SENSITIVE FOREIGN NATIONS CONTROL
- APPENDIX G – PERFORMANCE GUARANTEE AGREEMENT
- APPENDIX H – GUIDANCE FOR PREPARATION OF DIVERSITY PLAN
- SECTION K Representations, Certifications and Other Statements
- SECTION L Instructions, Conditions, and Notices to Offerors
- SECTION M Evaluation Factors for Award

3.1.2 Terms and Conditions

Contract No. DE-AC04-01AL66850 contains the terms and conditions typical for a DOE cost-reimbursement type M&O contract. In order to effectively utilize the contract administration tools available, those involved in day-to-day contract administration must read and understand those major sections of the Contract applicable to their particular specialty.

3.1.3 Requirements

KCSO directive requirements are documented and tracked in the Site Office Operating Requirements Database. As an element of the KCSO Business Management System, the KCSO Operating Requirements Database ensures effective management, coordination, implementation and subject matter assignment for directive requirements relevant to the KCSO.

KCP Contractor directive requirements are maintained in a separate database called the Contractor Operating Requirements. Before requirements are added to this database, KCSO subject matter experts review the proposed requiring document. If the determination is that a document contains new or updated requirements that apply to the KCP Contract, then KCSO formally transmits the document to Honeywell FM&T in accordance with KCSO Process Description “Contractor Operating Requirements Directives Process.” (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-03 PD Contractor Operating Requirements Directives Process.doc) Specific KCP required deliverables are addressed in Section 9.

3.2 Contract Scope

The scope of operations at the Kansas City Plant includes manufacturing and/or procuring a variety of nonnuclear electrical, electronic, electro-mechanical, mechanical, plastic, and metal components for nuclear weapons.

The overall performance objectives of this Contract are to:

- Ensure the full set of manufacturing and evaluation operations can safely be performed for active production technologies.
- Provide improved component aging models that will provide high quality data on the safety and reliability of the nuclear weapons stockpile.
- Develop and demonstrate enhancement of existing capabilities by incorporating model based product realization for production. Develop and demonstrate improved processes for manufacturing gas transfer systems. Develop capability to build miniature electronic assemblies to customized specifications within one month of conception.
- Recapitalize base workload production testing at the Kansas City Plant, develop microsystem processes, and support the readiness of supply chain, production technology, production operations, and product and process quality for the NWC.
- Complete production requirements in accordance with the Program Control Documents and Production and Planning Direction, Master Nuclear Schedule documents including major items of production for B61 LEP and W76 LEP. Ensure parts meet stringent quality requirements established by the Design Laboratories.
- Annually prepare and execute an integrated, comprehensive RTBF/Facilities to maintain the facility in a safe manner and sustain production. Facilities and Infrastructure Program (FIRP) plan execution is for the Roof Asset Management Program and any other FIRP related repair/replacement which is required prior to KCRIMS completion.
- Achieve the Kansas City Responsive Infrastructure, Manufacturing and Sourcing (KCRIMS) project objectives per schedule. KCRIMS is primarily 3 components. 1. A new smaller, more efficient, flexible and responsive facility enabling the current mission and any future changes to be met in a more cost effective manner. 2. Source additional product consistent with KCRIMS planning moving products which can be built in the private sector for a lower life cycle cost and maintain high quality. Products sourced will also minimize ES&H issues at the Kansas City Plant. 3. Revise Business Management Practices to be more commercial in application of requirements and achieve related cost savings.

The Scope of the Contract is further detailed and divided in Section C.2. WORK REQUIREMENTS. Below is an outline of how the Scope is structured in C.2.

- 1.0 Introduction
- 2.0 General Requirements
- 3.0 Directed Stockpile Work
- 4.0 Campaigns
- 5.0 Readiness in Technical Base and Facilities

- 6.0 Other DOE Support
- 7.0 Other non-DOE Support

A more detailed description of these requirements can be found in the following Contract link.

<http://www.doeal.gov/mocd/KansasCityPlant.htm>

3.2.1 Work for Others

Subject to the prior written approval of the Contracting Officer, and in compliance with applicable requirements imposed by the CO pursuant to Clause I.112 DEAR 970.5204-78, "Laws Regulations and DOE Directives," and DOE Order 481.1C, "Work for Others Programs," the Contractor may, perform non-DOE activities which are consistent with and complementary to the NNSA's mission involving the use of Contract equipment, facilities, or personnel. Such proposed work is called Work for Others and may be performed for other Federal agencies or non-Federal entities. The request for such approval shall set forth in detail the nature of the outside work to be performed, the equipment, facilities or personnel required, and the financial and contractual arrangements proposed to pay for the cost of such work. The CO shall consider such a request, being guided, among other factors, by the current or future needs of NNSA's programs for the equipment, facilities, or personnel to be utilized in the performance of such outside work.

Primary considerations in approving WFO projects are that the proposed work will not place the Contractor in direct competition with domestic non-Federal entities, will not adversely impact execution of the Contractor's assigned programs, and will not create a potentially detrimental future burden on the commitment of NNSA resources. If the CO approves such a request, the Contractor and NNSA shall agree upon the terms and conditions, which would apply to such work. See Contract clause C.2.7.1.

3.3 Principal Features

3.3.1 Contract Type

The Contract is a cost-plus-award fee (CPAF) M&O type contract. The Contract incentives consist of objective performance-based incentives (PBIs) and subjective award fee objectives (POs), both of which are earned based on contractor performance. The NNSA establishes and maintains baseline

information used to measure contractor performance and improvements for PBIs. The NNSA develops accurate and complete statements of work defining the Government's desired performance in terms of outcome, results or final work product. The NNSA also develops criteria and metrics to measure a contractor's performance in terms of quality, timeliness, and cost. The NNSA ensures requirements, initiators, and Contracting Officer's Representatives (CORs) receive appropriate training in developing performance-based statements of work and administering performance-based contracts. The award fee provides motivation for excellence in quality, timeliness, technical ingenuity, and cost-effective management. The amount of the award fee paid is determined by the Government's judgmental evaluation of the contractor's performance based on the criteria stated in the Contract. This determination and the methodology for determining the award fee are unilateral decisions made solely at the discretion of the Government.

3.3.2 Term

Contract DE-AC04-01AL66850 is a cost reimbursement management and operating (M&O) contract with performance-based management provisions. The M&O Contract was awarded to Honeywell FM&T effective January 1, 2001, and contains an option to extend performance for an additional 5 years. Options were exercised making the period effective through December 31, 2010.

3.3.3 Performance-Based Contracting

Performance-based management contracting principles emphasize results-oriented work statements, and performance objectives, measures, and expectations to incentivize contractors to achieve excellent performance. The KCSO implements performance-based management contracting principles through processes associated with Strategic Planning, Budget Formulation, Budget Execution, and Performance Evaluation. These processes, defined in various KCSO Procedures include strategic planning, developing performance objectives, defining work scope through the Task Planning Process, and evaluating results against a baseline to measure progress.

Much of the work performed by Honeywell FM&T is in support of the operations and maintenance of the Kansas City Plant and production related to the nuclear stockpile. Because of the nature of this work, KCSO utilizes performance fee to incentivize and reward Honeywell FM&T for sustaining or improving performance. Performance Fee consists of two components: an incentive fee

component providing management focus and emphasis on KCSO's critical few performance measures, and an award fee component providing management focus on all other aspects of performance such as overall management acumen, customer service, problem solving, *et al.*

The Performance Evaluation Plan (PEP) is developed for the entire fiscal year (FY) and a formal change control process is used for making changes throughout the year. The PEP includes both incentive fee criteria and award fee criteria.

3.3.4 Fee Arrangement

Since this is a Cost-Plus Award-Fee contract, the Contractor is reimbursed all allowable costs to run the KCP, plus is paid an award fee amount, depending on the performance score achieved at the end of each fiscal year. The KCSO CO leads the negotiations with the Contractor in developing the amount of available fee and the final determination of the available amount is made by the FDO as described in the FDO section of this plan.

The Available Fee for each FY will be negotiated annually between the Contractor and the Government. The Available Fee will be equal to or less than the Maximum Available Fee defined in (C)(1) or (C)(2) of the Contract, as appropriate. The Available Fee is established considering the level of complexity, difficulty, cost effectiveness, and risk associated with specific objectives/incentives defined in the Performance Evaluation Plan (PEP), including work involving multiple-site taskings/objectives. Higher or lower levels of complexity, difficulty, cost effectiveness, and risk will correspondingly allow a higher or lower available fee. The portion of this Available Fee defined as award fee versus performance-based incentives will be determined for each period during the negotiation of the requirements in the PEP. In the event the parties are unable to reach agreement on the Available Fee amount, the Government reserves the right to unilaterally establish the Available Fee amount. The Contract is modified to reflect the Available Fee for each period.

3.3.5 Line Oversight/Contractor Assurance

KCSO has primary responsibility for oversight and surveillance activities related to the KCP Contract with Honeywell FM&T. Focusing on that responsibility, KCSO developed a formal document titled, "Line Oversight Plan for the Kansas City Plant." That Plan is incorporated by reference into this Contract Management Plan. In summary, the Line Oversight Plan covers contract

management topics such as approval of Contractor plans and submissions, performance evaluation, formal assessments, operational awareness, and the Contractor Assurance System (CAS). Honeywell FM&T has chosen to rename its assurance system as the Management Assurance System (MAS). Honeywell FM&T's MAS incorporates the necessary elements of DOE Order 226.1A (Implementation of DOE Oversight Policy), which are Assessments, Event Reports, Worker Feedback, Issues Management, Lessons Learned and Performance Metrics. More detailed information about KCSO's oversight and Honeywell FM&T's MAS is described in Section 7.0 of this plan (Line Oversight/Contractor Assurance). The primary tool by which KCSO documents NNSA's appraisal of Honeywell FM&T's performance each fiscal year is the annual Performance Evaluation Report (PER). The PER process is described in more detail in Section 6.4.3 of this plan.

4. ORGANIZATIONAL ROLES AND RESPONSIBILITIES

4.1 National Nuclear Security Administration

The NNSA is a separately organized agency within the U.S. Department of Energy (DOE) and is comprised of three Deputy Administrator organizations: NNSA Program Office (formerly known as Defense Programs), Nonproliferation (NN), and Naval Reactors. NNSA discharges its responsibilities for national security, in part, through the conduct of research and development in a number of scientific and technical areas at highly specialized research facilities owned by the U. S. and managed and operated by contractors. The Kansas City Plant is one of eight sites making up the nuclear weapons complex (NWC) and it primarily supports the Program Office and NN.

The Under Secretary for National Security (NA-1) for DOE serves as the Administrator. The Administrator has authority over, and is responsible for, all programs and activities of the Administration (except for the functions of the Deputy Administrator for Naval Reactors). These responsibilities are executed pursuant to the Atomic Energy Act of 1954, as amended (42 U.S.C. §§ 2011, et seq.), the DOE Organization Act, as amended (42 U.S.C. §§ 7101, et seq.), Public Law 106-65 (50 U.S.C. §§ 2401, et seq.), and other applicable laws.

4.2 Kansas City Site Office

KCSO provides coordination, oversight and evaluation of Contractor operations through on-site monitoring and surveillance of Contractor operations. Under the

cognizance of the Manager of the Kansas City Site Office, KCSO is the primary focal point for inspection of products, services, or reports under the Contract. The Contracting Officer (CO) or other functional experts have authority or responsibility for review and approval of certain documents (e.g., Diversity Plans). KCSO administers the Honeywell FM&T Contract for programmatic and administrative performance. KCSO monitors, evaluates, and reports on the Contractor's performance and ensures ES&H compliance; the protection of the public, employees, and property; and monitors FM&T's emergency response capability. The Site Office serves as a focal point for disseminating guidance and direction to the Contractor. The Site Manager acts as spokesperson at the site and coordinates with stakeholders and site-specific advisory boards.

The following table summarizes the roles and responsibilities for the individuals and groups involved in the administration of this Contract.

Roles	Responsibilities
Site Manager	<ul style="list-style-type: none"> • Coordinates the development, and performs assessments, as assigned, of programmatic operational and administrative activities for the annual performance assessments and communicates results to site contractor management. • Serves as the integrator of site-wide guidance and direction provided to M&O contractor. Provides advice, assistance, and any needed supplemental site-specific guidance to the contractor. • Maintains awareness of relationships with Federal, state, and local authorities and keeps fully informed on matters dealing with compliance of Federal, state, and local regulations applicable to the site. • Provides advice to HQ concerning pending DOE or NNSA actions as they might affect the site or Site Office operations. • Manages and coordinates activities at the Site Office. • Serves as a delegated Contracting Officer for the assigned M&O and manages the contractor operation. • Assures that adequate contractor self-assessment plans are in place that planned reviews are completed in a timely manner, and that assessment follow-up activities are implemented. • Appoints HQ Program and Service Center COR authority as necessary and required to accomplish the site mission. • Provides the primary interface with the contractor on M&O matters related to the site.

Roles	Responsibilities
Deputy Site Managers (most DSMs are also CORs; see COR box below for additional responsibilities related to the COR role)	<ul style="list-style-type: none"> • Supports the Site Manager in performing responsibilities outlined above. • Responsible for reviews of all performance measures. • Provide historical information on contract performance within their specific program areas. • Serve as primary functional Managers in PEP and PER development. • Serve as Primary Negotiators for PO and PBI negotiations. • Designate KCSO associates for annual review teams.
Site Contracting Officer (CO) (GS-1102)	<ul style="list-style-type: none"> • Serves as the integrator of site-wide guidance and direction provided to M&O contractor. Provides advice, assistance, and any needed supplemental site-specific guidance to the contractor. • Develops and negotiates available fee. • Modifies terms and conditions of M&O contract. • Negotiates annual M&O POs and PBIs and coordinates and produces the annual PER of the M&O contractor for submittal to HQ. • CO authority for M&O contract administration is defined as approval, direction, and determination where there is a possible effect to the contract terms and conditions, increase/decrease of cost, and allowability/unallowability of cost. • Appoints Site Office COR authority as necessary and required to accomplish the site mission. • Approves Work Authorizations for KCSO upon COR concurrence.
Contracting Officer's Representatives (COR)	<ul style="list-style-type: none"> • Inform the CO, in writing, of any performance failure by the Contractor. • Inform the CO if the Contract or any Work Authorization will not be completed according to schedule and/or estimated cost. • Issue written direction within the limitations set forth in the COR Appointment. A copy of all direction sent to the Contractor is provided to the CO. • Assist the Contractor in interpreting the requirements of the Contract. • Inspect and accept all deliverables within the scope of the COR Appointment. • Assist in the development of the annual PEP and provide evaluation input for assessing contractor performance to the CO who develops the PER. • Inform the CO of any potential or evidence of real or perceived organizational conflict of interest (OCI) matters or employee ethics or integrity issues.
Legal Counsel	<ul style="list-style-type: none"> • Serves as primary liaison on contractor legal issues. • Serves as COR for Contractor Litigation Management. • Advises the Manager and the CO on M&O contract administration issues.
Subject Matter Experts (SME)	<ul style="list-style-type: none"> • Perform oversight and surveillance activities of Contractor operations. • Keep DSMs/CORs aware of Contractor performance issues. • Perform validation of reported Contractor achievements/savings. • Assist in the development of Contractor performance metrics and assess subsequent performance thereof. • Coordinate external assessments. • Interface with Regulators from other offices or agencies.

4.3 Other DOE/NNSA Offices

NNSA HQ and Service Center staff offices provide KCSO with business, administrative, financial, and other support services, such as assistance in processing Freedom of Information Act requests, investigating claims of discrimination, and help in processing financial, procurement, and personnel actions.

The Service Center provides the following services to KCSO as requested related to contract management:

- Management and operating contract source evaluation and award
- Contract close out
- Cost allowance determinations and notice of intent to disallow
- Extend/compete analysis and recommendation
- Fee development
- Negotiation administration
- Foreign ownership control and influence (FOCI) determinations
- Funding modifications
- Performance evaluation plans and performance evaluation reports
- Purchasing system approvals
- Source selection activities
- Statement of costs incurred and claimed
- Subcontract review boards
- Changes to scope and terms and conditions
- Real and personal property
- Contractor human resources management
- Employee concerns program
- Finance and accounting
- Budget and resources management
- Non-M&O contracts support functions

This list shall be reviewed and updated as needed.

5. ***CONTRACTING AUTHORITIES, DELEGATIONS AND LIMITATIONS***

In accordance with NNSA's Policy Letter BOP-003.0303, NNSA Contracting Authorities, authority and responsibility to contract for authorized supplies and services are vested in the agency head; in NNSA's case, the Administrator (NA-1). The Administrator has delegated Senior Procurement Executive authority to

the Director, Office of Acquisition and Supply Management (OASM) (NA-63). In this capacity, the Senior Procurement Executive has the authority to designate one or more Heads of the Contracting Activity (HCA) within the Administration. The Deputy Director, OASM has been designated as the primary HCA with approval authority on actions over \$25 million. Director of the Service Center's Office of Business Services (OBS) is designated as the HCA for actions at \$25 million or below. The HCA has the authority to issue and revoke Contracting Officer warrants. Below the level of the HCA only warranted Contracting Officers may obligate NNSA by entering into contracts and financial assistance instruments.

Authority to direct the NNSA contractor is based on formal appointments and delegations. Staff and oversight components of NNSA are prohibited from tasking contractors to perform any work or activity unless they have been specifically provided with this authority. Only a warranted NNSA Contracting Officer or a formally appointed Contracting Officer's Representative (COR) may task a contractor to perform work.

The NNSA Administrator's procurement authorities and responsibilities flow through the Senior Procurement Executive to the HCA who, by issuing a warrant, grants procurement authority and responsibility to a Contracting Officer. NNSA COs for HQ, the Service Center and the Site Offices are appointed by the HCA. In addition to the GS-1002 COs, the KCSO Site Manager is appointed as a Contracting Officer, consistent with the requirements of DOE O 541.1A, "Appointment of Contracting Officers and Contracting Officer's Representatives," and subject to the limitations established in his appointment.

The following subsections describe the specific authorities, limitations and delegations of the individuals delegated authority for the KCP Contract.

5.1 Senior Procurement Executive (SPE)

The NNSA SPE is delegated full contracting authority by NA-1. The SPE has the authority to appoint the HCA and COs. Organizationally, the SPE resides in NA-63. The SPE oversees NNSA's contracting and financial assistance system and is a Contracting Officer solely by virtue of the position.

The SPE's specific duties include:

1. Provides overall management direction of the Administration's acquisition and financial assistance, and site offices.
2. Oversees the development of acquisition and financial assistance policy, goals, guidelines, and innovations,
3. Measures and evaluates Service Center and Site Office performance against acquisition and assistance goals,
4. Ensures career development of the acquisition workforce,
5. Approves justifications for other than full and open competition if the amount exceeds \$25,000,000,
6. Participates with the Office of Small and Disadvantaged Utilization and other elements in NNSA to establish small business goals.
7. Designates
 - The Head(s) of the Contracting Activity
 - A Senior Competition Advocate to perform the duties required by the Competition in Contracting Act of 1984, Public Law 98-369
 - A task and delivery order ombudsman to perform the duties required by the Federal Acquisition Streamlining Act of 1994
 - A program manager to implement an electronic commerce capability for the Administration who reports directly to the SPE.
8. Assigns contracting functions and responsibilities to another agency, and creates joint or combined offices with another agency to exercise acquisition functions.
9. Enters into, approves, administers, modifies, closes-out, terminates, and takes such other actions as may be necessary and appropriate with respect to any procurement or financial assistance transaction binding NNSA to the obligation and expenditure of public funds.
10. Approves extraordinary contractual actions to facilitate the national defense that do not to exceed \$50,000.
11. Signs applications for permits to acquire tax-free spirits from a distilled spirits plant for non-beverage purposes.
12. Determines whether to use the authority in the Defense Production Act of 1950, for priority contracting authority to expedite procurement actions to promote National Defense. This determination is made after consultation with the NNSA General Counsel and the DOE Assistant Secretary for Policy and International Affairs.
13. Acquires, manages, and disposes of personal property held by the Administration for official use by its employees or contractors.

5.2 Head of Contracting Activity (HCA)

NNSA is a single contracting activity. However, there are two HCAs. Organizationally, the primary HCA resides in NA-63 and the other HCA resides in The Service Center's OBS. The HCAs have overall responsibility for managing the contracting activity and are COs solely by virtue of the position. The HCAs appoints COs consistent with the OFPP standards applicable to all executive agencies.

The HCAs' specific duties include:

1. Enters into, approves, and takes other actions with respect to any contract arrangement, financial assistance agreement, sales contract, or similar transaction, whether or not binding the Administration to the obligation and expenditure of public funds, pursuant to applicable laws, policies, regulations, and procedures. Such actions include rendering approvals, determinations, and decisions, as specifically authorized in the Federal Acquisition Regulations and the Procurement and Financial Assistance regulations that govern NNSA's actions in these areas. Certain transactions as specified in the NNSA BOP titled, "Coordination and Approval Process (CAP) of Contract Actions" are subject to the prior approval of the NNSA SPE.
2. Appoints Contracting Officers in accordance with BOP 003.0302, "Appointment of CORs for NNSA M&O Contracts."
3. Designates Site Office and Service Center Competition Advocates, as needed, to perform the duties required by the Competition in Contracting Act of 1984.
4. Makes the determinations required by the Federal Acquisition Regulations in the case of mistakes in bids alleged after opening of bids and before award, and makes all administrative determinations regarding withdrawal of bids.
5. Manages and disposes of personal property held by NNSA for official use by Administration employees, contractors, and recipients.
6. Develops and maintains organizational continuity of services and contract support needed for NNSA mission accomplishment.
7. NNSA Headquarters, the NNSA Service Center, and the eight Site Offices are designated Contracting Offices and operate within the guidelines and authority provided by the HCAs.

5.3 Site Manager

The Site Office Manager is a senior NNSA manager that provides an on-site, day-to-day presence at the production facilities or national laboratories. The KCSO

Site Manager is responsible for effective contract administration at the KCP to ensure the successful implementation of NNSA programs. The Site Manager is also a CO with authority to administer the M&O contract based upon demonstrated individual qualifications and Site Office needs. Although the KCSO Site Manager is a warranted CO, he relies largely on the Site CO (described in 5.4 below) to handle most day-to-day administrative contract duties.

The KCSO Site Manager oversees operational matters relating to the Honeywell FM&T Contract. The Site Offices are responsible for the safe and secure operation of facilities under the purview of NNSA and ensure the long-term viability of the Site to support NNSA programs and projects.

The Site Manager's specific duties include:

1. Has primary responsibility for day-to-day oversight and contract management activities at the site. These duties include establishing contractual requirements, operating requirements, work authorization, contractor assessment, acceptance of product and contractor evaluations. This includes the overall safety and security parameters within which the contractor is authorized to operate and ensuring the contractor is making a good faith effort to meet small business subcontracting plan goals.
2. Integrates activities at the site with customers from other elements of the DOE, other Federal agencies, and the private sector.
3. Appoints CORs.
4. Issues the annual PER and associated fee determination in coordination with the NNSA FDO.

5.4 Contracting Officer (CO)

A Contracting Officer is a qualified person appointed by the HCA and, based on the needs of their position and limits of the authority provided in the appointment may award, administer, and terminate contracts, financial assistance instruments or sales instruments; make related determinations and findings; develop and negotiate fees; change contract terms and conditions; determine the allowability of costs; and, negotiate aggressive subcontracting plan goals to ensure that small businesses have the maximum practicable opportunity to participate in NNSA's procurements. The HCA issues KCSO COs a certificate of appointment specifying the authorized functional areas, limits of authority, and other restrictions.

The Contracting Officer's specific duties include:

1. Ensures the requirements of FAR 1.602-1 (b) have been met, and that sufficient funds are certified available for obligation;
2. Ensures contractors receive impartial, fair, and equitable treatment;
3. Exercises independent business judgment.
4. Elevates unresolved issues creating tension between program and business objectives through the Site Manager to the HCA for resolution.
5. Appoints qualified CORs to assure mission fulfillment and effective contract administration and management. Appointments will be made by, or concurred in, by the Site Manager.

5.5 Contracting Officer's Representatives (COR)

A COR is an NNSA employee appointed by the Contracting Officer, or Administrator, with specific responsibilities to provide an on-site, day-to-day presence at laboratories, production facilities, or test site. The COR's authority to direct the Contractor is limited by the terms of their written appointment.

There are two types of CORs described below.

5.5.1 Site/Service Center Contracting Officer's Representative

The Site CORs are appointed by the Site CO. Their specific duties include:

1. Monitors contractor performance and reports status to the Site Manager/Contracting Officer.
2. Recommends necessary contractual changes to the Site Manager/Contracting Officer.
3. Inspects and accepts deliverables.
4. Provides technical/performance direction to the Contractor subject to the terms of their appointment.

KCSO currently has five Site CORs assigned to the following positions with the associated limitations:

Position	Limitation of Authority
1. Deputy Manager, OSM	Weapon Programs & Quality Assurance, Technology Transfer, and Work for Others
2. Deputy Manager, OOO	Security and ES&H Programs
3. Inspection Team Lead, OSM	Approval of Product Verification
4. KCSO Counsel	Litigation Management
5. Facilities & Projects Team Lead	Facilities & Project Management

There is only one Service Center COR assigned to the KCP Contract. The NNSA Procurement Executive (NA-63) has appointed the NNSA Field Chief Financial Officer (CFO) as a COR for all sites across the NWC. The CFO's authority is the same as that shown in items 1 – 4 above, plus his duties carried out as allottee for the NWC.

5.5.2 Headquarters Programmatic Contracting Officer's Representative

This HQ COR is an NNSA employee appointed by the Site Manager, the Site Contracting Officer, or the NNSA Administrator, to perform specific functions including federal oversight of contractor execution of detailed planning, integrations, and execution of the nuclear weapons program and nonproliferation programs. These individuals have specific authorities and limitations stated in their site-specific appointment memoranda. HQ CORs primarily initiate Work Authorizations and provide the KCSO Site Manager assistance in evaluating FM&T's performance. The Service Center (OBS) maintains a list of current HQ CORs assigned throughout the NNSA along with the sites to which they are appointed. This list is accessible on the internet via the NNSA Homepage.

NOTE: There is only one type of COR. The modifiers "Site/Service Center" and "Headquarters Programmatic" are used only to identify where certain responsibilities are accomplished and the different nature of the responsibilities.

5.5.3 Work Authorization Officials

There is an additional category of individuals with signature authority on the NNSA M&O contracts. HQ Program Offices have authorized them to initiate and approve Work Authorizations (WAs) on behalf of the Programs. These individuals do not need COR authority to perform this function, yet some of them fill a dual role as COR. The list of these names is also available on the NNSA Homepage at <http://hq.na.gov/future>.

5.6 Communication

The purpose of Contract Administration is to promote outstanding Contractor performance in an effective and efficient manner. Due to varying degrees of Contract authority and responsibility delegated within the current Honeywell FM&T Contract, both formal and informal communication protocols must be carefully followed by all parties to prevent the misapplication of Contract effort and direction. The Site Manger serves as an integrator and coordinator for most

operational areas of responsibility on site, and provides a structured and integrated approach for coordinating oral and written directions between HQ, the Service Center, KCSO, other DOE and NNSA offices, and Honeywell FM&T.

All direction to the Contractor must be in writing either through a KCSO CO or a COR appointed to the KCP Contract. A copy of any COR correspondence must be provided to a KCSO CO. Only CORs or the CO can provide direction to the Contractor and only the CO can provide direction that changes the scope, schedule, or cost of the Contract.

Work Authorizations (WA) are addressed in more detail in Section 6.3 of this plan. However, since WAs involve communication, all parties should be aware that WAs must be concurred by an authorized COR and signed by a KCSO CO.

Other Federal Agencies, State and Local Governments do not have authority to direct Honeywell FM&T. Therefore, communication between those parties and Honeywell FM&T must go through the appropriate KCSO contacts.

Other aspects of KCSO/Contractor communication are covered in Section 8.

6. *CONTRACT PERFORMANCE MANAGEMENT*

This section of the CMP addresses how the NNSA manages the KCP Contract in terms of the four major sections of Planning, Programming, Budgeting, and Execution/Evaluation (PPBE/E).

6.1 *Planning*

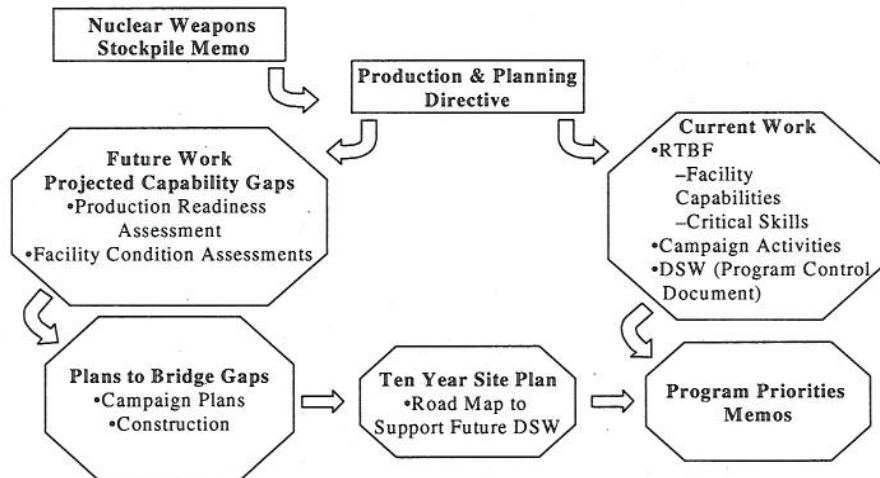
This step of the PPBE/E system is mainly a Headquarters function. In this phase the customer requirements are determined for the weapons by HQ. The requirements are then communicated to the Site Offices. The Site Office is required to provide feedback as to whether or not it can support those requirements for the long term NNSA plan. The Site Office is required to identify the requirements that are not supportable over the next 10 years.

6.2 *Programming*

During the programming phase, HQ sends guidance to the Site Offices each spring as to their requirements and budget. The Contractor develops budgets and estimates of what it will take to support the requirements with oversight from the

Site Office. Priority is determined, and a list of unfunded requirements is made. The outcome of this phase is the milestones for each year. This also creates an initiative for the contractor, and encourages efficiencies, to reduce the number of unfunded requirements.

Figure 1
PLANNING/PROGRAMMING



6.3 Budgeting

The workload parameters are provided to the Contractor in budget guidance. Based on requirements and milestones, the Contractor submits detailed budget estimates through the KCSO. NNSA Program Office and KCSO subject matter experts review these estimates for accuracy. The proposed budget is forwarded to the NNSA Program Office for a Program Budget Review. Once the NNSA Program Office is satisfied with the budget submission, it is forwarded to the Office of Management and Budget (OMB) along with the Future Years Nuclear Security Plan (FYNSP). OMB reviews the budget and provides comments to NNSA. Comments are resolved by the NNSA Program Office and the final budget is submitted to OMB, the President, and Congress, where work and funds are authorized and appropriated. Once the NNSA Program Office receives the authorized and appropriated budget, it allocates dollars to the various field offices by budget and reporting (B&R) codes throughout the FY.

6.3.1 Work Authorization

The Statement of Work (SOW) is the broad statement of supplies and services the Contractor is expected to provide. The SOW establishes the basis by which all

other work direction is prepared. The guidelines are set forth in DOE Order 412.1 "Work Authorization (WA)" and Contract clause H.4 to direct work to be performed by the Contractor for managing the change control process as to scope, cost, and schedule.

As soon as possible after October 1 of each year, NNSA provides Work Authorizations and an Approved Funding Program (AFP) to the Contractor for the current FY. NNSA approved work programs, program performance expectations and milestones as appropriate, and budget estimates are reflected in WAs, Annual Program Letters, Activity Data Sheets, Program Baseline Summaries, and AFPs. These documents will be issued to the Contractor as soon as possible after funds become available. If, in preparing these documents, it is determined that changes are needed in the work program and budget estimates submitted by the Contractor, NNSA and the Contractor shall agree upon the changes in the work before final issuance of these documents. KCSO's process for issuing WAs is outlined in the KCSO Process Description "KCSO Process for Work Authorizations." (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-20 PD KCSO Process for Work Authorizations.doc) All NNSA WAs must be signed by the cognizant HQ COR, a KCSO CO, and the Contractor. Occasionally KCSO will receive a WA from a non-NNSA office, such as DOE's Office of Environmental Management (EM). When this occurs, KCSO will accept the WA without NNSA COR concurrence.

Work Authorizations and Annual Program Letters, with respect to work funded by EM, Program Baseline Summaries and AFPs, specify the funds available for work under the Contract for the FY and, in addition, may establish limitations on costs to be incurred for individual portions of the work. The Contractor is required to comply with such limitations and must promptly notify the CO, in writing, whenever it becomes apparent that there is likely to be an overrun with respect to any specific limitation in the WA or Annual Program Letters or with respect to the work funded by EM. Funds made available for work under the Contract, and set forth in AFPs or other funding documents, shall not be reduced except by written agreement of the parties.

6.4 Execution/Evaluation of the Budget

The KCSO developed a Business Management System (BMS). The KCSO Quality Manual describes the KCSO BMS, which documents how the Site Office conducts business. The Manual identifies site information and products; scope

and exclusions; quality policy and objectives; references to documented procedures; and a description of the BMS business processes and their interrelationships. The KCSO BMS is compliant with ANSI/ISO/ASQ Q9001:2000, DOE Order 414.1B, and QC-1 Revision 10.

The Quality Manual was issued by memorandum on March 5, 2004 from the Site Manager. Control of the Manual document is handled in accordance with the PD KCSO Process for Control of Documents.

The Quality Manual and BMS are incorporated into this CMP by reference since so many of the process descriptions and work instructions are used by KCSO employees in their contract management activities.

6.5 Corporate Performance Evaluation Process (CPEP)

6.5.1 Planning

Pursuant to the terms and conditions of the Contract, the Performance Evaluation Plan (PEP) sets forth the criteria upon which the Contractor's performance of work under the Contract will be evaluated and upon which the determination of the total available fee amount earned shall be based.

In addition to the PEP, KCSO develops or transmits other documents relating to specific subjects to communicate performance requirements and expectations. Examples of these documents include the Quality Assurance Plan, the Ten Year Comprehensive Site Plan, the Purchasing Surveillance Plan, the Site Security Plan, and the ES&H Management Plan. These documents typically contain performance targets and/or milestones, which can be specifically quoted or simply referenced in the PEP.

The PEP is composed of subjective (award fee) and objective (performance based) performance incentives. The fee can be reduced as determined appropriate by the Fee Determining Official (FDO) for less than satisfactory performance under the PEP. All incentives are categorized into three Performance Areas (PAs): Mission, Operations, and Business/Management

KCSO develops the PEP in accordance with NNSA Policy Letter NAP-4, "Corporate Performance Evaluation Process for Management and Operating Contractors," and with the KCSO Process Description titled, "KCSO Performance

Evaluation Plan Development Process” (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-31 PD KCSO Performance Evaluation Plan Development Process.doc) and related Work Instructions.

The KCSO Site CO owns the development and negotiation process. Throughout the development and negotiation process, the Site CO integrates HQ and Contractor feedback. HQ input comes in the form of Program Implementation Plans (PIP) designed to show specific milestones or expectations for each site. Deputy Site Managers (DSM) typically own specific POs and PBIs. The DSMs and KCSO subject matter experts negotiate individual POs and PBIs with assistance from the Business Management Team. Final PEP and Fee negotiations are led by the Site CO with assistance from KCSO DSMs and SMEs.

Throughout the PEP evaluation period there are occasions when the PEP negotiated tasks or requirements change, or need modification. Modifications to the PEP are accomplished through a change control process with the approval of the KCSO Change Control Board (CCB). The CCB consists of the KCSO DSMs, Legal Counsel, and the Site CO. The Site CO, or designee, will chair the CCB. The CO will recommend final actions to the KCSO Manager. It is the responsibility of both the KCSO and Contractor to be aware of requirement changes and bring changes to the attention of the CCB for resolution. Changes must be performed in a timely manner. This is imperative since the modified task could affect on-going work at the KCP. The CCB actions are conducted in accordance with the KCSO Work Instruction on PEP Change Control. (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-31-02 WI How to Control Changes to the KCP Performance Evaluation Plan (PEP).doc)

6.5.2 Performance Evaluation

With input from NNSA Program Offices, KCSO assesses Contractor performance against the PEP in a Performance Evaluation Report (PER).

During the fiscal year KCSO will perform an interim performance evaluation and a final evaluation as follows:

Evaluation	Date Conducted	Period Covered
Interim PER	April	October – March
Final Evaluation	October/November	October – September

As part of the evaluation process the Contractor submits to KCSO Contractor Performance Feedback on the first business day of April and October each fiscal year. This Feedback is the Contractor’s report of progress against the Award Fee POs and PBIs.

In addition, KCSO publishes a monthly PER Status Report. Monthly PER Status Reports use a “dashboard” style (red/yellow/green) format to show whether POs and PBIs are meeting, not meeting, or exceeding expectations. A short narrative update is also included for each target. This Report is prepared and distributed in accordance with the KCSO work instruction “How to Perform Monthly PER Status Reporting.” (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-33-02 WI How to Perform Monthly PER Status Reporting.doc) In addition Honeywell FM&T provides a quarterly briefing to KCSO for progress against PEP milestones.

The KCSO process for determining PER grades and scores and earned fee is described in the annual PEP. The KCSO’s recommended award fee amount is included, along with a narrative description of KCSO’s assessment of the Contractor’s performance on each PO and PBI, in the PER. KCSO posts the PER on the HQ Q drive for HQ Program Office review and comment process before the final fee determination process.

The final fee determination is made by the Fee Determination Official (FDO). NNSA’s FDO is the NNSA Administrator. The FDO considers KCSO’s recommended grades and scores and feedback provided by HQ Program Offices and makes the final approval of the PER. In the process of determining award fee, the FDO has the discretion to make adjustments to the recommended award fee provided that any upward adjustments are within the total available award fee. If the FDO elects to use this discretion and the fee determination varies either upward or downward from the KCSO’s recommendation, the rationale for the change will be documented in the NNSA Site Manager’s letter to the Contractor that transmits the final PER. The determination must be communicated to the Contractor within 70 days after the end of the evaluation period. Final fee determinations are unilateral decisions made solely at the discretion of NNSA.

6.5.3 Fee Calculation Process

The KCSO's process for formulating its recommended available fee amount is located in the KCSO Process Description titled, "KCSO Annual Fee & Scope Modification Process." (KCSO Business Management System\KCSO PDs, WIs & FMs\03 Acquisition Management\03-30 PD KCSO Annual Fee and Scope Modification Process.doc) The Site CO is the process owner and leads the fee negotiations with the Contractor. Just like in the PEP negotiations, the CO relies on assistance from DSMs, the SMEs, and KCSO Counsel as needed.

KCSO uses the process set forth in NNSA's fee policy. Under the fee policy KCSO relies on the President's Budget to determine the dollar amount upon which to base the 7% to determine the maximum available fee amount.

In addition to the fee applied to the POs and PBIs in the PEP, NNSA allows a portion of NNSA Reimbursable work and WFO to be eligible for earning fee throughout the year as the work is completed.

7. ***LINE OVERSIGHT/CONTRACTOR ASSURANCE***

NNSA has established a set of requirements directing sites to conduct oversight derived from DOE Directives or Orders, applicable portions of the Federal Acquisition Regulations (FAR) and Department of Energy Acquisition Regulations (DEAR) or best practices to oversee contract performance. These requirements are identified in, and have oversight authority provided by, the contract.

KCSO has primary responsibility for oversight and surveillance activities related to the KCP Contract with Honeywell FM&T. These activities include monitoring, evaluating, and reporting on Contractor performance to contract requirements. KCSO fulfills these responsibilities through the review and analysis of selected internal performance indicators and results from contractor self-assessment activities, independent (external) assessments of the contractor, and direct observation of contractor performance through the contractor's assurance system. Focusing on these responsibilities, KCSO developed a formal document titled, "Line Oversight Plan for the Kansas City Plant." (KCSO Business Management System\KCSO Plans and Policies\Policy - Line Oversight Plan.pdf)

KCSO's Line Oversight Plan (LOP) was developed to include the principles contained in DOE O 226.1A, "Implementation of Department of Energy Oversight Policy." KCSO developed one LOP that covers all functional areas and includes reference to individual topic assessment and surveillance plans KCSO uses to oversee KCP operations. There are surveillance plans/guides at lower functional levels such as Purchasing, Quality Assurance, etc. It also covers contract management topics such as approval of Contractor plans and submissions, performance evaluation, formal assessments, operational awareness, and the Contractor's Management Assurance System (MAS).

KCSO uses a risk-based approach in developing the surveillance plans/guides for the individual functional areas each year. The individual plans/guides describe the number and subject area for assessment, surveillance, monitoring and shadowing activities to be conducted during a fiscal year. This data is factored into KCSO's annual assessment plan, which is used as a scheduling tool in KCSO's Pegasus system. Results are included and retained in both the Site Office's and the Contractor's Contractor Assurance System database applications.

There are two contract clauses in the KCP contract related to LO/CAS; H.35 – Management Assurance and H.51 – NNSA Oversight. H.35 requires the contractor's MAS to include activities designed to identify deficiencies and opportunities for improvement, report deficiencies to responsible management, and ensure that corrective actions are completed and effective.

According to H.51 KCSO will determine the level of NNSA oversight of all Contractor activities under this Contract, consistent with the KCP Oversight Plan, approved funding levels, and the Vision for the KCP. KCSO will apply its oversight of the Contractor consistent with the contractor's management systems, the risk level of the work processes, the contractor's performance, and the effectiveness of the MAS. The Contracting Officer will seek input from the contractor on the appropriate type and level of effort of oversight for management systems and processes. In addition,

- There will be less oversight in areas subject to well-recognized, independent third party assessments, when the third party assessments find that the contractor systems are performing adequately.
- The level of oversight will take into account whether areas are directly related to critical outcomes of the mission of the KCP, or areas that are not

central to the core mission such as administrative support functions.

- Oversight will not unduly interfere with contractor efforts to implement industrial standards and/or best commercial practices.
- Oversight is subject to increase in areas where performance deficiencies exist. However, prior to increasing oversight, the Contracting Officer will consider whether contractor corrective action plans provide sufficient assurance.

In 2007, the NNSA Administrator approved KCSO's new Oversight Plan. The plan enables KCSO to rely more on contractor self-assessments and the resulting assurance that systems are in place to ensure performance and compliance to regulations. The plan also enables KCSO reduce its transactional oversight and rely on system oversight where appropriate while allowing Honeywell FM&T to incorporate more commercial best practices and industry standards into KCP operations. As a result of this effort, Honeywell FM&T revised its assurance system and published it as the Management Assurance System (MAS).

Another feature of this effort enabled KCSO to reorganize and to take Federal resources formerly dedicated to contractor oversight and make them available to other DOE/NNSA offices as matrix support. KCSO worked with FM&T to remove a number of DOE orders from the list of KCP Operating Requirements and to rely on industrial standards instead.

The link between the CMP and Line Oversight Contractor Assurance System (LOCAS) is further explained displayed in the following figure

CMP/Line Oversight

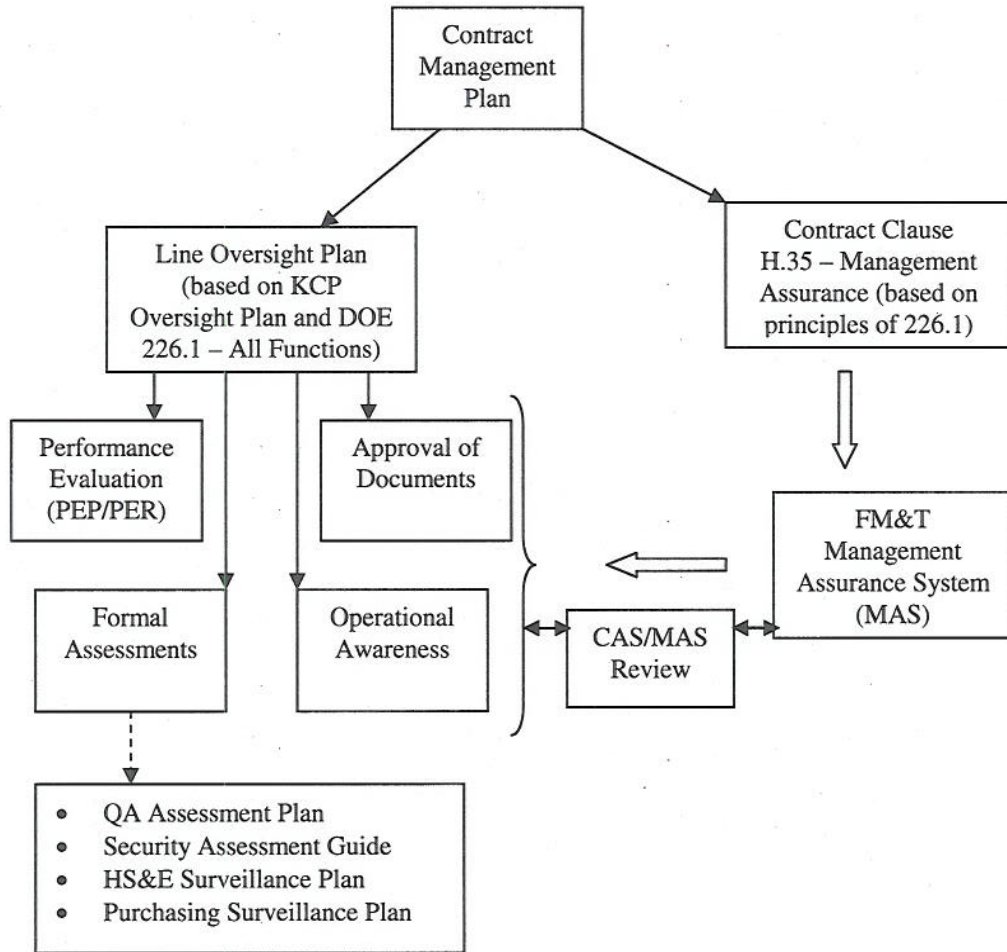


Figure 2.

8. ***FEEDBACK/IMPROVEMENTS***

There are many methods of feedback between the Site office and the Contractor driving improvements. These include:

- At the end of April the Site Office assesses the Contractor in an interim PER. In September, a final report is submitted to the Contractor covering the entire evaluation period. The Contractor performs and submits self assessments at to the Site Office for each of these reports.
- Performance issues requiring immediate attention are addressed through a COR memorandum. This is a formal document written by the KCSO staff and signed by the COR. The letter is submitted to appropriate members of

Contractor management. When appropriate, the Site Office requests corrective action, and the Contractor is required to formally respond.

- The Site Manager and Plant Manager meet periodically to provide formal feedback and direction.
- The Site Office and Contractor Senior Management teams meet periodically to provide updates and give feedback. These are scheduled meetings in which issues can be addressed and feedback from both sides is given.

There are a variety quarterly, monthly, and weekly meetings and briefings to maintain a constant line of communication, and to address issues as soon as they are identified. Examples of these types of meetings include, but are not limited to Weapon briefings, Quality briefings, Operational Highlights, reviews for Operations, Procurement, and a variety of other areas. These forms of informal communication are essential to ensure continual improvement and open lines of communication.

9. DELIVERABLES

In accordance with Section C.3 of the Contract, the primary deliverable under this Contract is production of nonnuclear components for nuclear weapons. To ensure that effective and efficient management systems exist for the management and operation of the KCP, this Contract also requires the delivery of certain documents, plans, and reports for the CO's review and approval. These requirements are specified throughout the Contract and can be found in Section C.3 – Deliverables. The Contracting Officer may require additional reports, analysis, or other information relevant to the KCP management and operations.

10. REFERENCES

1. KCSO Line Oversight Plan for the Kansas City Plant
2. Kansas City Site Office, Functions, Responsibilities and Authorities
3. NNSA and DOE websites
4. Kansas City Plant, RTBF Implementation Plan
5. Kansas City Plant, Ten Year Site Plan
6. KCSO Business Management System
7. KCSO Purchasing Surveillance Plan

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End of Document