



U.S. Department of Energy
Office of River Protection
P.O. Box 450, MSIN H6-60
Richland, Washington 99352

05-ESQ-057

DEC 29 2005

Mr. J. P. Henschel, Project Director
Bechtel National, Inc.
2435 Stevens Center
Richland, Washington 99352

Dear Mr. Henschel:

CONTRACT NO. DE-AC27-01RV14136 – ASSESSMENT REPORT A-05-ESQ-RPPWTP-004
– BECHTEL NATIONAL, INC. (BNI) PRICE-ANDERSON AMENDMENTS ACT (PAAA)
PROGRAM ASSESSMENT FOR THE PERIOD JULY 25 THROUGH AUGUST 5, 2005

This letter forwards the results of the U.S. Department of Energy, Office of River Protection, A-05-ESQ-RPPWTP-004, "Bechtel National, Inc. (BNI) Price-Anderson Amendments Act Program Assessment," which was conducted from July 25 through August 5, 2005. This assessment evaluated the effectiveness of the BNI PAAA Program in implementing processes for identifying, reporting, correcting, and tracking PAAA non-compliances as specified in the Office of Price-Anderson Enforcement and Investigation (OE) Operational Procedures.

The assessor concluded the BNI PAAA program was not fully effective for the following reasons: 1) procedures processes were incomplete; 2) previously identified deficiencies were not appropriately addressed and their resolution was not adequately monitored by management; 3) program activities were not adequately applied to supplier and subcontractor activities; 4) screening for occurrence reporting and employee concerns was inadequate; 5) BNI did not require documentation of some key process decision steps; 6) some reportability evaluation activities were inadequate; and 7) trending and some performance measures were not performed or covered in procedures. While fundamental elements of a program were in place, further improvements and additional management attention is required to achieve PAAA program goals.

The assessor concluded the BNI PAAA program had not improved as expected following the OE Program Review in Fiscal Year 2003, which concluded the Program was a "start-up" program requiring additional improvements to be effective. While BNI's initial efforts to address the OE's concerns were encouraging, this assessment found BNI later lost focus resulting in some issues identified by the OE not being corrected.

The assessment identified one Finding and made seven Observations. The Finding documents a violation of BNI procedures regarding the review process used to perform PAAA screenings for occurrence reports and employee concerns. The Observations describe program improvements required to comply with OE Operational Procedures.

Mr. J. P. Henschel
05-ESQ-057

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Within 30 days of receipt of this letter, BNI should respond to the assessment Finding and all of the Observations. The response should include:

- Admission or denial of the Finding or the Observation condition;
- The cause of the Finding/Observations;
- The corrective steps that have been taken to control or remove any adverse impact to identified non-compliance situation(s) (remedial actions), and the results achieved;
- The corrective steps that will be taken to prevent similar Findings/Observations; and
- The date when all corrective actions are completed, verified, and compliance to applicable requirements is achieved.

If you have any questions, please contact me, or your staff may call Robert C. Barr, Director, Office of Environmental Safety and Quality, (509) 376-7851.

Sincerely,



Roy J. Schepens, Manager
Office of River Protection

ESQ:SAV

Attachment

cc w/attach:
G. Shell, BNI
W. R. Spezialetti, BNI

U.S. DEPARTMENT OF ENERGY
Office of River Protection
Environmental Safety and Quality

ASSESSMENT: Price-Anderson Amendments Act Program

REPORT: A-05-ESQ-RPPWTP-004

FACILITY: Bechtel National, Inc

LOCATION: Hanford Site

Dates: July 25 through August 5, 2005

ASSESSOR: Samuel A. Vega, Lead Assessor

APPROVED BY: Patrick P. Carier, Team Lead
Verification and Confirmation

Executive Summary

The U.S. Department of Energy, Office of River Protection, conducted an assessment of the Bechtel National, Inc. (BNI) Price-Anderson Amendments Act (PAAA) Program during the period of July 25 through August 5, 2005. The assessment was to evaluate the effectiveness of the BNI PAAA Program in implementing processes for identifying, reporting, correcting, and tracking PAAA non-compliances as specified in the Office of Price-Anderson Enforcement and Investigation (OE) Operational Procedures.

The assessor concluded the BNI PAAA program was not fully effective for the following reasons: 1) procedures processes were incomplete; 2) previously identified deficiencies were not appropriately addressed and their resolution was not adequately monitored by management; 3) program activities were not adequately applied to supplier and subcontractor activities; 4) screening for occurrence reporting and employee concerns were inadequate; 5) BNI did not require documentation of some key process decision steps; 6) some reportability evaluation activities were inadequate; and 7) trending and some performance measures were not performed or covered in procedures. While fundamental elements of a program were in place, further improvements and additional management attention is required to achieve PAAA program goals.

The assessor concluded the BNI PAAA program had not improved as expected following the OE Program Review in Fiscal Year 2003, which concluded the Program was a “start-up” program requiring additional improvements to be effective. While BNI’s initial efforts to address the OE’s concerns were encouraging, this assessment found BNI later lost focus resulting in some issues identified by the OE not being corrected.

The assessment identified one Finding and made seven Observations. The Finding documents a violation of BNI procedures regarding the review process used to perform PAAA screenings for occurrence reports and employee concerns. The Observations describe program improvements required to comply with OE Operational Procedures.

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List of Acronyms

BNI	Bechtel National, Inc.
CAR	Corrective Action Report
CFR	Code of Federal Regulations
COTS	Corrected on the Spot
DOE	U.S. Department of Energy
NCR	Nonconformance Report
NTS	Noncompliance Tracking System
OE	Office of Enforcement and Investigation
ORP	Office of River Protection
PAAA	Price-Anderson Amendments Act
PRB	Price-Anderson Review Board
QA	Quality Assurance
QAIS	Quality Assurance Information System
QDR	Quality Deficiency Report
RITS	Recommendation and Issues Tracking System
WTP	Waste Treatment and Immobilization Plant

Bechtel National, Inc. (BNI)
Price-Anderson Amendments Act (PAAA) Program Assessment

Details

The assessors reviewed the BNI PAAA Program processes, reviewed related documents and records, and interviewed management and staff to verify the implementation of program requirements and determine program effectiveness. The following sections identify the areas reviewed, describe the scope of the assessors' review, and provide assessors' conclusions and Observations.

General PAAA Program Implementation

The assessor reviewed procedure 24590-WTP-GPP-QA-101, "Price-Anderson Amendments Act Compliance and Reporting," to verify an adequate PAAA process was in place that met the program criteria specified in the Office of Enforcement and Investigation (OE) procedures; a PAAA Coordinator was formally designated and adequate independence was established; that adequate training and qualification requirements had been established; that adequate training was provided to staff as required; and that PAAA reviews were applied to activities performed by subcontractors and suppliers.

The assessor concluded the BNI PAAA procedure adequately captured the fundamental elements of a PAAA program, but found some of the processes in the procedure were incomplete or needed improvement. For example, procedure 24590-WTP-GPP-QA-101 requires the PAAA coordinator to make a determination if PAAA related non-compliances are potentially Non-compliance Tracking System (NTS) reportable by designating each PAAA related deficiencies as NTS reportable or non-NTS reportable. However, the procedure fails to provide a process for documenting the results of this determination. This, and further program improvements are discussed throughout this document. The assessor also found that a March 2005 BNI independent assessment of the PAAA program identified problems that were not appropriately addressed. When discussed with management, the assessors found that BNI management was not tracking their progress and was not aware of their status (See Observation 05-ESQ-RPPWTP-004-O01).

The assessor concluded the PAAA coordinator position was formerly designated and the contractor's organizational flow charts clearly identified a PAAA coordinator position within the Quality Assurance (QA) organization. The assessor also concluded the PAAA coordinator had sufficient authority and independence from the line organizations to make decisions. The PAAA coordinator had direct accesses to the Waste Treatment and Immobilization Plant (WTP) project manager, and there also existed a reporting link to the BNI corporate QA office if there was a need to elevate issues.

The assessor concluded PAAA training was adequate because procedure 24590-WTP-GPP-QA-101 prescribed adequate training requirements; participating staff and management were adequately trained and knowledgeable of the PAAA process; personnel understood their

responsibilities; and adequate training records were maintained. One exception noted was that procedure 24590-WTP-GPP-QA-101 did not address training requirements for the PAAA Coordinator's support staff. This was corrected by BNI prior to the close of this assessment by revising the procedure to add the missing training requirements.

The assessor concluded the PAAA program was not adequately applied to activities performed by subcontractors and suppliers because BNI was not verifying that suppliers and subcontractors were adequately implementing their PAAA programs; BNI was not performing PAAA applicability reviews of all BNI generated subcontractor and supplier related deficiency reports (i.e. Quality Deficiency Reports [QDR] or subcontractor/supplier Corrected on the Spot [COTS] concerns); and with the exception of Nonconformance Reports (NCR), BNI was not performing PAAA reviews of deficiency reports generated by supplier or subcontractor programs (See Observation 05-ESQ-RPPWTP-004-O02).

Screening and Identification

The assessor evaluated the effectiveness of the PAAA processes for screening deficiency reports and identifying PAAA rule related issues by reviewing procedure 24590-WTP-GPP-QA-101, "Price-Anderson Amendments Act Compliance and Reporting," interviewing BNI staff and management, and reviewing documentation that resulted from the screening activities.

The assessor concluded the screening and identification processes were not adequate because PAAA reviews of occurrence reports and employee concerns were not performed or were not documented as required by the procedure (resolution of this issue will be tracked in Finding 05-ESQ-RPPWTP-004-F01).

The approval checklist for PAAA screenings and evaluations in the Quality Assurance Information System (QAIS) and the PAAA procedure did not require documentation of the logic for the determination that a deficiency was not reportable in the NTS (See Observation 05-ESQ-RPPWTP-004-O03).

The assessor noted the WTP had developed and implemented a very good screening and deficiency evaluation tool within the QAIS. QAIS documented the results of each individual deficiency screened and evaluated for PAAA applicability. The QAIS also allowed for easy accessibility of PAAA review information. The Assessor felt the QAIS PAAA screening and evaluation module represented excellent use of available technology.

The assessor noted the PAAA procedure incorrectly designated 10 CFR 820 as required for screening and evaluation. The entire Part 820 of the Code of Federal Regulations (CFR) is not applicable to PAAA reporting. The only section of the CFR that applied was 10 CFR 820.11 which addresses completeness and accuracy of information provided to the U.S. Department of Energy (DOE). BNI revised the procedure and revised the QAIS to correct this discrepancy during this assessment.

Evaluation of Reportability

The assessor evaluated the effectiveness of the PAAA processes for determining if PAAA rule related deficiencies required reporting in NTS. This was accomplished by reviewing procedure 24590-WTP-GPP-QA-101, "Price-Anderson Amendments Act Compliance and Reporting," interviewing BNI staff and management, and reviewing documentation that resulted from the reportability evaluation activities.

The assessor concluded reportability evaluation activities were not adequate because the PAAA coordinator activities were not timely, not documented, or were not sufficient (See Observation 05-ESQ-RPPWTP-004-O04). Additionally, the PAAA procedure did not require documentation of the PAAA coordinator's reportability determination, and the PAAA procedure did not require the review of trending information for PAAA applicability and reportability (See Observation 05-ESQ-RPPWTP-004-O05). Also, PAAA specific trending was not performed or covered in the PAAA procedure (See Observation 05-ESQ-RPPWTP-004-O06); performance indicators were not tracking timeliness of NTS reporting (20 days recommended) and the timeliness in completing formal investigations/causal analysis (45 days recommended) (Included as part of Observation 05-ESQ-RPPWTP-004-O06); and reportability assessments did not provide adequate basis to support conclusions (See Observation 05-ESQ-RPPWTP-004-O07).

Another issue associated with reportability determination was identified prior to this assessment. This involved the decision criteria applied by BNI in deciding not to report in NTS. This issue was previously brought up by DOE Office of River Protection (ORP) and also identified in past BNI investigation activities. Most recently, this issue was noted in BNI's March 2005 independent assessment (tracked in 24590-RTIS-QAIS-05-573). BNI has initiated efforts to address this issue, and the assessor did note improvement in that all three of the 2005 recommendations made by the PAAA coordinator to report in NTS were approved by the PAAA Review Board (PRB) and the project manager, but the assessor felt there was not sufficient evidence of good performance to declare this activity to be effective.

Cause determination

The assessor did not devote time in looking at cause determination and the establishment of corrective actions because BNI was addressing related issues previously identified as a result of ORP's attempts to close completed NTS reports. Several BNI NTS reports had been reviewed by the PAAA coordinator and NTS related corrective actions had been (or were targeted to be) rewritten due to being poorly written, were not sufficiently specific, actions taken were not as originally committed to in the NTS report, or corrective actions did not address the identified causes. BNI is also addressing issues associated with timeliness in completing formal investigations/causal analysis.

NTS corrective action closure

The assessor did not devote time to review corrective action closure and closure documentation because the ORP had previously communicated issues to BNI on the adequacy of closure documentation. BNI was in the process of addressing these issues by revising required format

and content of closure packages, and reassembling existing packages to be more complete in demonstrating, with objective evidence, completion of NTS related corrective actions.

Items Opened, Closed, and Discussed

Opened Findings

Finding 05-ESQ-RPPWTP-004-F01: Occurrence reports were not reviewed for PAAA applicability as required, and employee concerns PAAA reviews were not reviewed and documented as required BNI procedures.

Requirements:

24590-WTP-GPP-QA-101, “Price-Anderson Amendments Act Compliance and Reporting,” in Section 3.1 requires employee concerns reports and occurrence reports to be reviewed for PAAA applicability. Sections 3.3.1 and 3.3.2 require these reviews be documented in the QAIS screening and evaluation checklists.

EGS-00-02, “DOE Office of Enforcement and Investigation, Enforcement Guidance Supplement 00-02, Price-Anderson Amendments Act (PAAA) Program Reviews,” In Section II, Question A, it stated: “verify through review that PAAA identification/screening procedures ensure a diverse set of source documents (assessments, NCRs, ORPS, employee concerns, external assessments, deficiency reports) are forwarded for screening.”

Discussions:

For occurrence reports, the assessors could not find any documented evidence that they were being screened for PAAA applicability. BNI initiated Corrective Action Report (CAR) 24590-WTP-CAR-05-168 to address the concern. The proposed corrective action was to revise procedure 24590-WTP-GPP-SIND-001, “Reporting Occurrences in Accordance with DOE M 231.1-2,” to require all occurrence reports be provided to the PAAA manager for screening and evaluation. The assessor felt this was insufficient since the corrective action did not address reviewing the backlog of reports not previously reviewed. The assessor discussed the need for additional corrective actions with BNI and the contractor agreed to add additional actions.

For the employee concerns reports, the assessor noted that these documents were being screened by the employee concern organization, and the reviews were documented via the “Employee Concern Intake Package.” The reviews and documentation performed for employee concerns was not in accordance with the process specified in 24590-WTP-GPP-QA-101, nor was the process used documented in procedure 24590-WTP-GPP-MGT-005, “Employee Concerns Program.” BNI initiated CAR 20590-WTP-CAR-QA-05-173 to address this issue but specific corrective actions had not been identified at the close of the assessment.

Open Observations

Observation 05-ESQ-RPPWTP-004-O01: PAAA program improvements or problems have been identified in a previous BNI independent assessment, but BNI did not adequately address them.

Discussion:

A BNI independent assessment of the PAAA program was conducted on March 25, 2005, which identified several recommendations that were captured in Recommendation and Issues Tracking System (RITS) in May 2005 (24590-WTP-RITS-QAIS-05-571 through 578). When reviewed by the assessor, the majority of these recommendations were found to be still open with no apparent activity to address them and no corrective actions established. For some, the rationales provided for not addressing the recommendation were inadequate to support the decision made. When this was discussed with management, the assessors found that BNI management was not tracking their progress and was not aware of their status. The general attitude of RITS actions within BNI was casual; addressing and closing the RITS actions was left to the responsible person to manage. When the condition of these particular RITS actions was brought to the attention of the BNI QA Manager, he promptly initiated actions to address and to manage their immediate resolution.

This condition was similar to the concern the OE expressed in the March 2003 BNI PAAA program review where it was felt there was a lack of BNI management attention and emphasis in correcting internally identified improvements/problems. At that time the OE assessment had identified some BNI assessments that had identified program problems or improvements months before the OE review that had not been addressed. The BNI response was to track all previously identified improvements into RITS. BNI had assured the OE that RITS would provide the required tracking and monitoring necessary to assure these and future issues would be properly addressed. The assessors determined the RITS system was not providing the promised rigor. The response to this Observation should include discussion on how BNI will assure future RITS items will receive proper and timely management attention.

Observation 05-ESQ-RPPWTP-004-O02: The PAAA program was not adequately applied to activities performed by subcontractors and suppliers.

Discussion:

The OE expectation is captured in EGS-00-02, "DOE Office of Enforcement and Investigation, Enforcement Guidance Supplement 00-02, Price-Anderson Amendments Act (PAAA) Program Reviews," Attachment B, Section I, Question D states: "Verify PAAA program is applicable to activities performed by subcontractors and suppliers, as well as principle site contractors."

The assessor found that BNI was not verifying that suppliers and subcontractors were adequately implementing their PAAA programs. BNI was not performing PAAA applicability reviews of all BNI generated subcontractor and supplier related deficiency report. BNI reviews did not include QDR or subcontractor/supplier COTS. The assessor also noted that, with the exception

of NCRs, BNI was not reviewing any supplier or subcontractor generated deficiency reports for PAAA applicability. Compensatory measures initiated by BNI included initiating the review of subcontractor deficiency reports and changing purchase order language to include subcontractor and supplier submittal of the deficiency documents for BNI review.

This same concern was previously identified in the BNI independent assessment of March 2005 (RITS 24590-WTP-RITS-QAIS-05-578).

Observation 05-ESQ-RPPWTP-004-O03: The approval checklist for PAAA screenings and evaluations in QAIS and procedure 24590-WTP-GPP-QA-101 did not require documentation of the logic for the determination that a deficiency was NTS non-reportable.

Discussion:

The OE expectation is captured in EGS-00-02, “DOE Office of Enforcement and Investigation, Enforcement Guidance Supplement 00-02, Price-Anderson Amendments Act (PAAA) Program Reviews,” Attachment B, Section III, Question D, #2: “For Selected noncompliances of apparent significance, review judgment process that was used by the contractor to determine NTS non-reportability.”

The assessor found that the judgment process could not be verified because the PAAA applicability review process in procedure 24590-WTP-GPP-QA-101 did not require the logic for determining NTS non-reportable to be documented. Subsequently, the approval checklist for PAAA screenings and evaluations in QAIS did not capture the logic for such a decision. BNI initiated a RITS item (24590-WTP-RITS-QAIS-05-712) to address this issue, but it only addressed the QAIS deficiency.

Observation 05-ESQ-RPPWTP-004-O04: PAAA Coordinator activities were not timely or not sufficient to meet program expectations.

Discussion:

The BNI PAAA procedure 24590-WTP-GPP-QA-101 which incorporated the program expectations of OE operational procedures, indicated the PAAA coordinator was responsible for verifying the adequacy of evaluation results performed by screeners and evaluators, determining if deficiencies which violate a PAAA rule requirement were potentially NTS reportable, reviewing trend information for programmatic or repetitive PAAA issues, performing a reportability assessment to determine if NTS reporting was warranted, and presenting recommendations to report issues in NTS to the PRB. The assessor found certain activities discussed above were not performed or were not timely. The following concerns with PAAA coordinator activities were noted:

- There was a backlog of over 200 evaluations not verified and processed by the PAAA coordinator (Some evaluations were three months old) (OE expectation is captured in EGS-00-02, Attachment B, Section III, Question I);

- “Reportability determination” reviews were not timely, and there existed no evidence or documentation that the PAAA coordinator had performed any reportability determinations. The designation of PAAA applicable deficiencies as NTS reportable or non-NTS reportable was not documented. (OE expectation is captured in EGS-00-02, Attachment B, Section III, Question A, #2); and
- There was no evidence that trending information was being reviewed by the PAAA Coordinator to identify potential PAAA related trends. (OE expectation is captured in EGS-00-02, Attachment B, Section III, Question D, #1).

Observation 05-ESQ-RPPWTP-004-O05: Procedure 24590-WTP-GPP-QA-101 did not require the documentation of PAAA coordinator reportability determination reviews or required the review of trending information for PAAA applicability and reportability.

Discussion:

The OE expectation is captured in EGS-00-02, “DOE Office of Enforcement and Investigation, Enforcement Guidance Supplement 00-02, Price-Anderson Amendments Act (PAAA) Program Reviews,” Attachment B, Section III, Question A, #2: Verify “formal process to be used for reportability determination, with documentation of results...” Also, Section III, Question D, #1 implies the expectation that non-reportable PAAA noncompliances are reviewed and “observable trends and/or potential programmatic noncompliances are appropriately recognized and reported by the contractor.”

Procedure 24590-WTP-GPP-QA-101, in Section 3.3.3, Item b requires the PAAA coordinator to make a reportability determination of all the PAAA rule noncompliances and to categorize the noncompliances into NTS reportable or non-NTS reportable. But, Procedure 24590-WTP-GPP-QA-101, failed to address the documentation of reportability review results. The procedure also fails to require any review (and documentation of reviews) of trending information for the purpose of identifying potential PAAA applicable trends. The 2003 OE program review had identified an issue with procedure 24590-WTP-GPP-QA-101 not accurately reflecting or describing required activities. The assessor determined this condition still existed.

Observation 05-ESQ-RPPWTP-004-O06: PAAA specific trending was not performed or required in BNI procedures procedure 24590-WTP-GPP-QA-101. Also, performance indicators were not tracking timeliness of NTS reporting (20 days recommended), and the timeliness in completing formal investigations/causal analysis (45 days recommended).

Discussion:

The 2003 OE program review identified as a deficiency the lack of PAAA trending. BNI responded by adding trending capabilities to QAIS and developed quarterly PAAA trending reports. When ORP performed corrective action verification in January 2004, additional improvements to the quarterly PAAA trend report were recommended and discussed with BNI. BNI indicated the company had already made the same conclusion, and the recommended actions would be incorporated into the quarterly PAAA trend reports. This verbal commitment

was documented in the ORP report issued February 2004 (Assessment # A-04-ESQ-RPPWTP-001).

BNI trend reports were issued from the second quarter of 2004 in a combined QA/PAAA trend report. PAAA trend report was dropped from the QA trend report since the fourth quarter of 2004. There has been no PAAA trend reporting since the combined report was discontinued. Discussions with BNI indicated the combined trending report was not working well and PAAA trend reporting was temporarily dropped. BNI indicated plans were in place prior to this assessment to generate a separate PAAA trending report by August 2005 for the first two quarters of 2005.

The assessor reviewed PAAA related performance indicators maintained by BNI and noted BNI was not tracking timeliness of NTS reporting (20 days recommended), and the timeliness in completing formal investigations/causal analysis (45 days recommended). Verification of meeting both of these “clocks” is mentioned in the program review checklist mentioned in EGS-00-02, “DOE Office of Enforcement and Investigation, Enforcement Guidance Supplement 00-02, Price-Anderson Amendments Act (PAAA) Program Reviews.”

Observation 05-ESQ-RPPWTP-004-007: Reportability assessments conducted for 2005 did not provide adequate basis to support conclusions.

Discussion:

The assessor reviewed the four reportability assessments conducted in 2005 to determine the adequacy in applying the reportability decision criteria provided in the OE procedures. The direction provided in the BNI procedure (24590-WTP-GPP-QA-101, Appendix 2) for conducting reportability assessment required the generated report to provide the basis for the reportability decision. The assessor found the four reportability assessments reviewed did not provide adequate basis for reportability decision. The reports just provided one-line statements to support the reportability decision. Reportability assessments were the basis used for justifying and supporting recommendations to report or not report into NTS. This document was used to communicate the PAAA coordinator’s recommendation to the PRB, and was included in the recommendation to the project manager. This document was the primary record where the decision basis was recorded, but in all cases, there was insufficient detail to support any of the final decisions made.

Closed

None

Signatures

Samuel Vega,
Assessment Team Leader