

## Department of Energy

DOE

Washington, DC 20585

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MEMORANDUM TO HEADS OF CONTRACTING ACTIVITIES		res Sinson	Ť	
FROM:	RICHARD H. HOPF. DIRECTOR OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT	to Rottrock, SF-31  anoth Leitheit  rold Monroe		
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Recent reports and investigations by the DOE Office of the Inspector General indicate that there may be a lack of prudent coordination and integration of line management attention and accountability of contractor safety requirements in major site and facility contracts that are essential for effective accident prevention. First. the contractor's ISMS m y not adequately set forth the contractor's comprehensive approach for occurrence reponing, including near miss reporting. Second, line management responsibilities and mechanisms may not be fully defined to ensure that the "List B" set of applicable directives, standards, and other requirements in the contract are complete and current. Lastly, Contracting Officers may not be using existing contract mechanism as effectively as possible to maximize DOE's ability to promote and enforce safety requirements.

The contractor's ISMS should implement DOE safety reporting requirements and establish adequate line management responsibility. integration and coordination to ensure that occurrencesincluding near misses, and accidents and injuries are both reduced and consistently reported. The contractor's ISMS should not be approved unless it includes these areas of compliance. The Contractor's 15W15 should not be approved a most in a state of the contracting Officer should rely an organizational and individual expertise within the fieldoffice

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and, as appropriate. Headquarters to ensure that safety requirements (including reporting requirements) are adequately addressed in the contractor's ISMS.

Because the ISMS establishes the contractor's baseline safety requirements and systems, Contracting Officers should first rely on the ISMS to determine whether the contractor is meeting its contractual requirements. Contracting Officers should use the "conditional payment of fee" clause (or similar provision) of the contract to assure that the contractor performs the ISMS properly. Regarding work efforts that are to be specifically incentivized, the enforcement of the safety requirements that are inherent in performance should occur as part of the evaluation of the contractor's overall performance for the work. The contractor's failure to execute the work in accordance with safety requirements should result in a reduction in the fee for that work. Accordingly, when developing work efforts for incentivization, the incentive should be structured to promote the integration of safety in all aspects of contractor work efforts.

Specific incentives for stand-alone safety requirements (e.g., injury rates) should only be used where there is a demonstrated need to either reduce specific risks or better focus the contractor's management attention on improving specific performance. In both of these instances, the incentive should not be continued once the desired level of performance under the specific incentive has been achieved. The rationale for limiting the use of specific incentives for standalone safety requirements is that the contractor may, in fact, succeed in meeting performance targets needed to earn the specific incentive, but still not achieve the more important objective of integrated safety management.

Lastly, regarding the administration of the "List B" requirements, the Contracting Officershould periodically (but at least annually concurrent with the annual work scope and fee negotiations) review and update the "List B" set of directives, standards, and other requirements to ensure that they are complete and current. In order for this to occur, the Contracting Officer should identify the organization and individuals with operational, line management, or technical support responsibility for each applicable requirement and request that entity or individual to review the requirements and affirm their applicability. Note that "List B" requirements are not limited to safer); alone, and the review should encompass the entire set.

In your capacity as Head of the Contracting Activity, you are requested to disseminate this information to both contracting staff and technical staff responsible for the administration of contractor integrated safety management. You should be aware that the Assistant Secretary for Environment. Safety and Health also will be issuing guidance regarding contractor occurrence reporting in the near future. That guidance should also be disseminated to appropriate contracting aid technical staff and used in conjunction with the guidance provided herein.

Should you need additional information on this matter, or have questions, please contact Mr. Ed Simpson of my staff on 202-586-3168.