



Department of Energy

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MEMORANDUM FOR DISTRIBUTION

FROM:

DAE Y. CHUNG
PRINCIPAL DEPUTY ASSISTANT SECRETARY
FOR ENVIRONMENTAL MANAGEMENT

SUBJECT:

Flow-Down of Quality Assurance Requirements to
Subcontractors and Suppliers

This memorandum serves to emphasize the need for diligence and rigor with respect to the flow-down of applicable Quality Assurance (QA) requirements to subcontractors and suppliers. As you are already aware, the Defense Nuclear Facilities Safety Board (Board) provided a letter to the Office of Environmental Management (EM) on May 5, 2010. This letter expressed concerns with respect to the flow-down of quality requirements from prime contractors to subcontractors and suppliers. The EM response to the Board letter acknowledged that the prime contractor in the specific instance cited had self-identified the flow-down issue and was working within their QA program to address the concern. We further committed to utilize Phase II QA program implementation reviews, field assessments of contractors, and the 2010 Annual Integrated Safety Management/QA Declaration to further investigate potential problems with flow-down of quality requirements. On May 2, 2011, EM provided the Board with an update that we have completed the noted reviews and will be using the results to further evaluate specific sites where potential issues may exist.

Subsequent to the Board correspondence, we have identified additional legacy instances where the adequacy of flow-down of QA requirements from prime contractors to subcontractors and suppliers has been questioned. As an example of one of these instances I have attached a lessons learned from the Sodium Bearing Waste Treatment Project (SBWIP). The key message specific to this example that can be used across all of our construction and operating projects is:

1. Ensure your prime contractors are flowing down sufficient quality requirements.
2. Ensure a mechanism is in place to review the QA program and procurement requirements of your suppliers and their sub-tier contractors.
3. Ensure clear lines of communication are open and can be substantiated between prime contractors, and its subcontractors and suppliers.

Overall, EM is doing a good job with respect to flowing down and overseeing quality requirements; especially at the prime contractor level. However, there is still room for improvement within our lower sub-tier suppliers. As a result, I have asked the Office of Standards and Quality Assurance to conduct specific reviews of flow-down of quality



requirements at our EM projects over the next year. This review is envisioned as a vertical slice of the flow-down of quality requirements through procurements to prime contractors, subcontractors, and suppliers. The intent is to evaluate the process at various sites, identify any recurring issues or concerns, and provide a recommendation on a path forward to address any issues found. The Office of Standards and Quality Assurance will be contacting some of you in the near future to schedule the first of these reviews in fiscal year (FY) 2011. If you are not contacted this FY 2011, the remainder of the sites should expect to have similar reviews in FY 2012.

As we have discussed and emphasized at various venues such as the EM Corporate QA Board, quality is a vital part of completing the EM mission safely and correctly. As a team, we can work together to ensure adequate implementation of QA requirements throughout our supply chain. This series of reviews will help provide an overall depiction of the issue across the complex; however, I strongly encourage each field office to consider conducting similar reviews of your various contractors and their subcontractors and suppliers. Failure to implement quality requirements adequately, as depicted in the SBWTP example, can potentially result in schedule delays and cost overruns. With the current emphasis on enhanced project management and the need for enhanced fiscal responsibility, this is an area where we can all work together and ensure efficient use of our current resources and optimize our work activities.

If you have any questions, please contact Mr. James A. Hutton, Acting Deputy Assistant Secretary, Safety and Security Program, at (202) 586-5151.

Attachment

cc: R. Unger, CBFO
T. J. Jackson, EMCBC
D. Armour, ID
R. Smyth, OR
P. Carrier, ORP
R. McCallister, PPPO
A. Hawkins, RL
C. Harris, SR
D. Huizenga, EM-1 (Acting)
T. Mustin, EM-1
C. Anderson, EM-3
F. Lockhart, EM-3.1
J. Hutton, EM-20 (Acting)
K. Picha, Jr., EM-21 (Acting)
R. Murray, EM-23
J. Surash, EM-80

Distribution:

Edward J. Ziemianski, Acting Manager, Carlsbad Field Office (CBFO)

Jack R. Craig, Director, Consolidated Business Center Ohio (CBC)

James R. Cooper, Deputy Manager for Idaho Cleanup Project (ID)

John R. Eschenberg, Assistant Manager for Environmental Management, Oak Ridge Office (OR)

Scott L. Samuelson, Manager, Office of River Protection (ORP)

William E. Murphie, Manager, Portsmouth/Paducah Project Office (PPPO)

Matthew S. McCormick, Manager, Richland Operations Office (RL)

David C. Moody, Manager, Savannah River Operations Office (SR)

Richard L. Craun, Federal Project Director, Sodium Bearing Waste Treatment

Phillip A. Polk, Federal Project Director, Salt Waste Processing Facility

Dale E. Knutson, Federal Project Director, Waste Treatment and Immobilization Plant

Thomas K. Teynor, Federal Project Director, K-Bash Sludge Treatment