

5.0 EVALUATION

The evaluation process starts with reporting performance against the project baselines and management commitments. The objective of the evaluation process is to provide management with timely and accurate information that can be used to evaluate progress and performance, to identify problematic cost and schedule trends, and to eliminate or mitigate problems.

The Field conducts periodic Field Project Manager and Site Manager assessments of project performance and any other internal/external assessment issues consistent with Department policies and stakeholder inputs. EM Headquarters monitors project execution and conducts Quarterly Management Reviews (QMRs) to assess overall program performance. For Strategic and Major Systems (and selected other projects) performance information is reported to FM and the Secretary in quarterly Summary Project Performance Reports. An annual performance report is prepared to assess performance against the DOE Annual Performance Plan. Figure 12 shows the EM business processes for evaluation. The following sections provide details on the EM evaluation elements.

5.1 FIELD PROJECT MANAGER'S PERIODIC PERFORMANCE ASSESSMENT

The Field Project Manager will periodically assess project status with the project team. The Field Project Manager based on the magnitude, complexity, impact, and type of project determines the frequency of these assessments. The emphasis of this assessment will be determined by the Field Project Manager and could include activity status, project cost and schedule variance analysis, and the identification of forecast variances in time for development of corrective action plans. Performance will be assessed against the project baseline and any other project-specific performance measures as determined by the Field Project Manager. Headquarters will participate in these periodic performance assessments for High Visibility Projects and other projects as determined by the Headquarters Site Lead.

5.2 PERIODIC PERFORMANCE ASSESSMENTS AND MID-YEAR AND YEAR-END REVIEWS

The Operations/Field Office Manager will periodically assess project status with the Field Project Managers. The Operations/Field Office Manager based on the number, magnitude, complexity, impact, and type of projects determines the frequency of these assessments. The emphasis of this assessment will be determined by the Operations/Field Office manager and could include project cost and schedule variance analysis; status of Management Commitments, including performance measures, and emerging safety and health issues; and a review of forecast variances in time to develop corrective action plans.

The Headquarters Site Team will conduct mid-year and year-end reviews. On a semi-annual basis, the scope of the performance assessments will be broadened to assess program interfaces and performance against project and site life-cycle completion objectives, project and site total life-cycle costs, Site Critical Path progress, and project and site end states. Headquarters staff (i.e., EM-1, DASs, and Site Teams) will establish the agenda for and will conduct these reviews. The Lead Site DAS will be responsible for ensuring coordinated EM involvement in these reviews, and will document the results of these reviews in a report to the Operations/Field Office Manager.

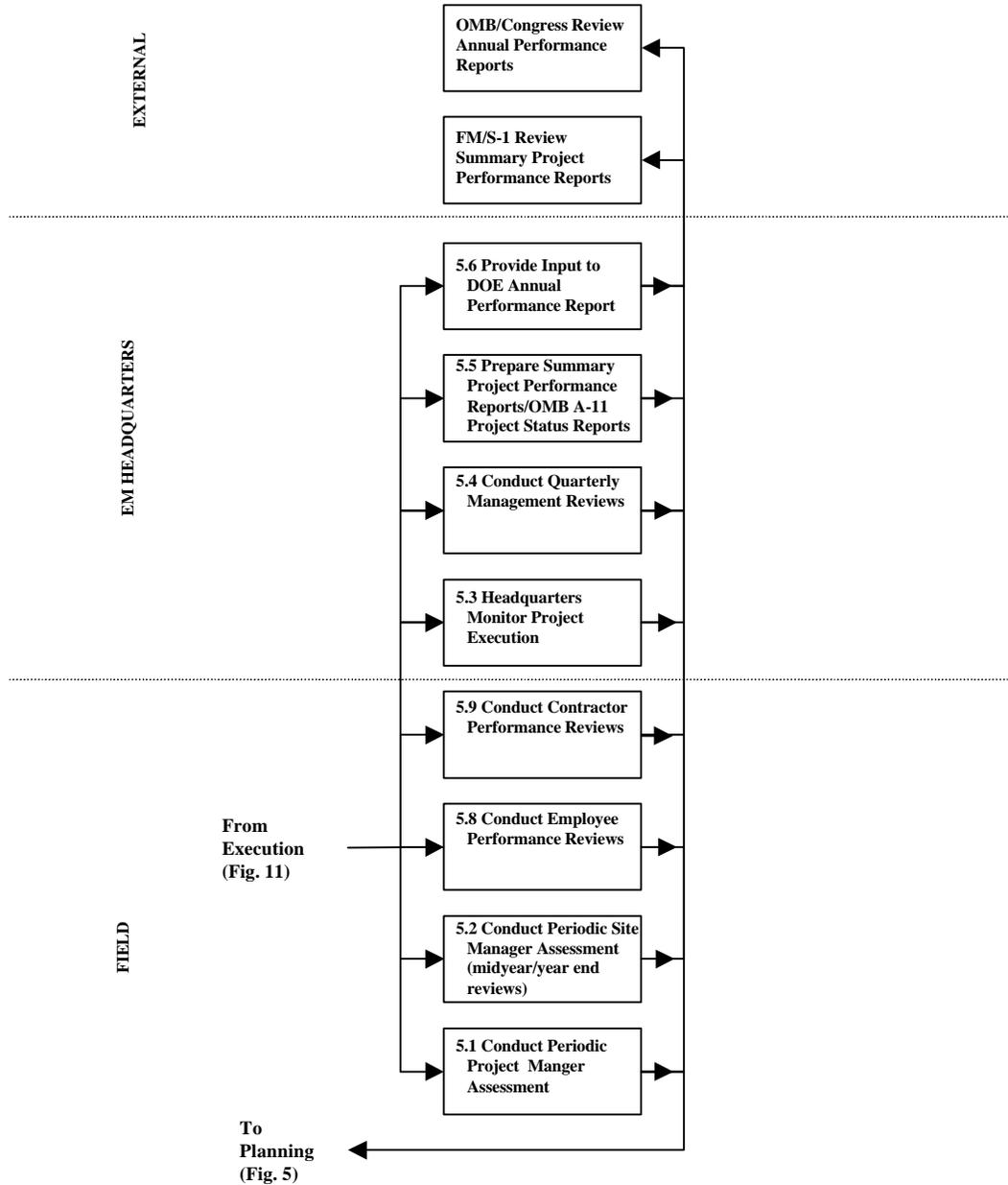


Figure 12. EM Evaluation Process

5.3 HEADQUARTERS PROJECT EXECUTION MONITORING

The Field will report project execution information in the IPABS-IS (under development) according to requirements established by EM. The Field will also provide copies of existing contractor performance reports to the Lead Site DAS as requested. Headquarters Site Leads will monitor project performance information, including cost and schedule performance, variance analysis, milestone and funds status, and issues. Headquarters Site Leads should work with the Field to address actual and forecasted performance problems.

The Office of the Departmental Representative to the Defense Nuclear Facilities Safety Board (DNFSB) tracks commitments the Department made to the DNFSB using the Safety Issues Management System (SIMS). Field Project Managers will use the SIMS as the reporting mechanism to provide the status of DNFSB milestones for the QMR and any other EM program management information needs.

5.4 QUARTERLY MANAGEMENT REVIEW

The Assistant Secretary for Environmental Management will convene a quarterly review to assess overall EM Program performance. This QMR will address completion of Management Commitment milestones, EM Corporate Performance Measures (reported semi-annually) status, and financial performance. Other measures assessed on an individual Operations/Field Office basis include enforceable agreement milestone status, safety and health measures, and key goals/progress. Also reported are the status of the Secretary's Performance Agreement and DNFSB milestones, and information required for the Summary Project Performance Reports required by FM.

Each December, the Fiscal Year End QMR will be convened by EM-1 to address performance for the preceding fiscal year. At the review, participants will present the status of their baseline performance, focusing on summary variances for EM Projects (i.e., on schedule, under cost, ahead of performance targets). The discussion will extend to the impact of the variance on the site's ability to meet its Site *Accelerating Cleanup: Paths to Closure* commitments in the current and outyears and Site Critical Path progress for the year. Issues that require EM-wide resolution will be identified at this time, and preliminary QMR strategies for the planning year will be established.

The Field will supply the information required for the QMR report and will participate in the QMR as requested. Headquarters will prepare the QMR report and conduct the QMR.

5.5 SUMMARY PROJECT PERFORMANCE REPORTS/OMB A-11 PROJECT STATUS REPORTS

This section addresses external reporting requirements for Strategic Systems, Major Systems, and other line item construction projects.

FM requires that Summary Project Performance Reports be prepared quarterly for Strategic Systems, Major Systems, and selected line item construction projects. The Summary Project

Performance Report addresses overall performance and issues to allow Acquisition Executive oversight. EM will meet the FM requirements for the Summary Project Performance Reports in the documentation prepared for the QMR. A copy of the QMR will be provided to FM and the Acquisition Executive.

The Office of Management and Budget (OMB) Circular Number A-11, *Preparation and Submission of Budget Estimates*, requires the preparation of 300B exhibits for any active capital-funded project with a current year appropriation and with a total estimated cost exceeding \$20 million, or for any capital-funded project without a current year appropriation, but with an uncosted balance of \$10 million or more. The 300B exhibit uses an earned-value methodology to demonstrate project performance and progress, and the OMB summarizes the data in a consolidated, government-wide report to Congress each fiscal year. The Field is required to submit a draft report in August to Headquarters, based on fiscal year-end projections, which is then submitted to OMB with the Department's Budget Request. An updated final report is due to Headquarters in December and is the basis for the OMB's report to Congress in February. Headquarters will review and consolidate Field information and develop reports per external requirements.

5.6 DOE ANNUAL REPORT

EM will provide input to DOE for the DOE Annual Report required by both GPRA and the Government Management Reform Act (GMRA). The Annual Report documents the Department's actual performance results compared to the targets previously established in the Annual Performance Plan and the commitments in the Secretary's Performance Agreement with the President.

The DOE Annual Report also includes the Department's consolidated financial statements. DOE is required to prepare an Annual Financial Statement that reflects DOE financial status at the end of the fiscal year. The cost to complete the EM Program is reflected as a liability in the DOE Annual Financial Statement. EM's input to the DOE Annual Financial Statement will reflect the status of approved baseline changes through the end of the fiscal year. This will generally be consistent with the *Accelerating Cleanup: Paths to Closure* Annual Update for the fiscal year plus any baseline changes approved since input was provided for the *Paths to Closure* Annual Update. The Field will notify EM of baseline changes approved since the input was provided for the *Paths to Closure* Annual Update, and Headquarters will consolidate EM input for the DOE Annual Financial Statement. The Field will provide required annual performance and financial information. Headquarters will review and consolidate performance and financial information into the DOE Annual Report.

5.7 EMPLOYEE PERFORMANCE REVIEWS

Accountability for performance and results ultimately resides at the individual (both supervisory and non-supervisory) employee level. To hold managers accountable for accomplishing EM's goals and objectives, performance measures and commitments are reflected in Headquarters' and Field Managers' and employees' performance elements, standards, and subsequent evaluations (in accordance with DOE Order 331.1, *Departmental Employee Performance Management*

System). To increase personal accountability for results, each Operations/Field Office Manager also signs fiscal year Management Commitments with the Assistant Secretary that are subsequently evaluated during EM's QMRs.

Employee performance is reviewed in accordance with applicable rules, personnel policies, and union agreements. Performance should be measurable, accountable, and traceable to performance plans, objectives, and commitments. Annual reviews are conducted, with a formal mid-point review and final review of the preceding year's performance at completion of the performance cycle.

5.8 CONTRACTOR PERFORMANCE REVIEWS

Contractor performance is monitored continuously by the designated contracting officer and contracting officer's representatives. For performance-based contracts, periodic reviews of performance (usually on a semi-annual or annual basis) are conducted. In these reviews, the contractor's performance is measured against established objective and subjective performance criteria that are negotiated annually and reflected in the annual fee. The contractor's fee is based on these performance reviews. In addition, programmatic Quarterly Management Reviews, mid-year and end-of-year reviews are conducted to determine progress in meeting objectives and commitments and to improve overall performance. Specialized ad hoc reviews may also be conducted to address areas of specific concern.

The Field will evaluate contractor performance and make fee determinations. Headquarters will review award fee plans for consistency with award fee policy, review and provide input to fee determinations and track historical fee determinations.