time you have given us, Jessie, and Bob Card, thank you very much. And, again, we might have some additional questions that we will submit to you, for the record.

And now Mr. Glenn Podonsky, Director, Office of Independent Oversight and Performance Assurance. Glenn? For the record, would you identify your associates?

MR. PODONSKY: Yes, Mr. Chairman. Mr. Tom Staker and Dr. Pat Worthington. We came prepared with our own tents.

Thank you, Mr. Chairman, and Members of the Board for inviting us to testify today. Our Office of Independent Oversight, was established by the Secretary of Energy, as the independent evaluation element of the Department’s integrated oversight system.

We are responsible for overseeing environment safety and health, safeguards and security, cyber security, and emergency management. I will focus our testimony today on the safety oversight role.

I would like to submit my written testimony for the record.

CHAIRMAN CONWAY: Fine.
MR. PODONSKY: And if you will indulge me, my oral statement summarizes the written testimony in about six minutes.

CHAIRMAN CONWAY: Fine.

MR. PODONSKY: Next slide, please. Our primary role is to provide information to DOE and NNSA program management. The information, hopefully, is used by DOE and NNSA management to improve their systems for managing safety and to correct deficiencies in technical aspects of ES&H programs. We also routinely provide information to non-DOE organizations, Congressional committees, and the DNFSB. The DNFSB staff appropriately characterized DOE as having three distinct roles: a customer, an owner, and a regulator.

OA, the Office of Independent Oversight, is neither a customer nor an owner. We focus, solely, on our independent oversight. However, we do perform some of the functions normally associated with the regulator.

We evaluate safety performance and compliance with safety requirements. We also evaluate effectiveness of DOE policy and provide feedback to improve it, from time to time. We do not assess penalties and fines, we do not issue licenses or

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authorize activities, and we are not responsible for establishing requirements.

Our inspections focus on performance. The reviews of documents and procedures are necessary but not sufficient to evaluate the effectiveness of safety programs. We spend much of our time in the field watching how work gets done.

We evaluate DOE line management and contractor line management. We have a well-established process for our activities. Part of this, for example, is a rigorous process for validating the information we collect to ensure that it is accurate before we finalize our findings and our ratings.

In response to Board Recommendation 98-1 [Resolution of Safety Issues Identified by DOE Internal Oversight], the DOE a number of years ago took the important step of requiring that DOE line management respond to OA findings with a formal corrective action plan.

This requirement was a tremendous enhancement to the effectiveness of the OA process and does ensure that findings are addressed. Next slide, please.

DNFSB has repeatedly stressed the importance of technically qualified and competent
staff. We wholeheartedly agree that quality and credibility of our own program depends on the inspector’s competence.

We are fortunate to have a team of experienced inspectors that average over 26 years of operating safety experience. They have extensive qualifications and education. We have personnel who have served as senior reactor operators, certified health physicists.

Our folks have degrees in fields such as nuclear, mechanical, electrical, chemical, and civil engineering, chemistry, physics, biology, radiological health physics, and environmental health sciences.

Over one-third of our safety inspectors have advanced technical degrees. Some of our folks have experience in DOE sites, the Nuclear Regulatory Commission, naval nuclear programs, as well as commercial nuclear sites. Our OA federal staff, who perform safety inspections, are all in the DOE technical qualification program.

We assess the effectiveness of Integrated Safety Management at the working level. The scope it encompasses: facility safety, and worker safety, and environmental protection, and a wide range of other programs.
Integrated Safety Management programs are maturing, we believe, and have demonstrated a positive impact on safety. However, adherence to procedures and requirements is a continuing concern. Our inspectors have, in fact, caused, and a number of times have stopped work on a number of sites, once we have identified deficiencies during the actual inspections.

We have recently renewed our focus on safety-related systems. These reviews indicate that most aspects of essential systems are well implemented, but some aspects of design, testing, and maintenance were deficient, and the sites’ internal reviews had not identified the deficiencies.

Recent inspections have also examined unreviewed safety question processes, or USQs [Unreviewed Safety Questions]. We are concerned that site personnel sometimes appear to be reluctant to implement the formal USQ process. Instead, sometimes they do an informal analysis before, or sometimes even instead of the formal process.

We believe that effective contractor assurance programs, combined with effective DOE line management oversight, are the linchpins of Integrated Safety Management program.
We have seen some improvements in the contractor assurance program. However, contractor assurance programs still vary in their effectiveness, for the most part, and are not yet sufficiently robust, rigorous, or self-critical, to warrant reductions in DOE line management oversight.

Our inspections indicate that ISM process is resulting in improved safety performance. However, as the two Under Secretaries and the Deputy Secretary have stated, further improvements are needed in a number of areas.

The Secretary and Deputy Secretary have repeatedly demonstrated their commitment to safety in the Department. And I also would like to add that Ambassador Brooks has impressed us, extensively, with his commitment. He is probably one of the first Secretary officers at his level that we have seen that actually read our reports.

Also, as mentioned by the Deputy Secretary, one of the hallmarks of a strong safety culture is learning from experience. The Columbia Accident Report has been brought up a number of times, and I would like to conclude that we also believe that it provides DOE with an opportunity to learn, to determine the parallels, and to prevent or correct
similar failures in management, organization, and oversight.

I would be happy to take any of your questions.

CHAIRMAN CONWAY: Well, let me say this here. I want to take the opportunity of commending you and your people for taking the initiative on the counterfeit parts problem we ran into this past year.

Up until when you moved, we saw little or no action whatsoever in the DOE, and the only problem I have is they still haven’t found the root cause. And as I told you, on your report, I would like to have the root cause to find out why so many top officials within DOE and NNSA had the matter brought to their attention, and none of them saw any need to take any action.

That bothers me. And that, to me, is a root cause that we haven’t uncovered.

VICE CHAIRMAN EGGENBERGER: You were talking about lots of things to be done yet. With respect to NNSA, did you name three areas which you believe require more attention, or more oversight at this time? Is that a fair question that is asking you to rank things a little bit?

MR. PODONSKY: Well, I’m going to -- I’m
going to lead off, and then I'm going to ask my colleagues to give some specifics, since they are at the ground level, working.

But I would start off by saying that Ambassador Brooks is, in fact, by our estimation taking a hard look at how to make more effective his organization.

When the NNSA was stood up, and I will get to your specific question, it was stood up at a time that it was not given a lot of careful thought from the legislative arm of the government on how effective that organization was going to be.

The architecture that stood the Department up didn’t think in terms of some of the bifurcated issues that it created between the Department and the NNSA. And one thing that comes to mind is something that Ambassador Brooks and the Secretary are now trying to address, is counterintelligence.

But if you have a counterintelligence piece in the Department, and you have one in the NNSA, which one works together with what part? And a lot of confusion occurred.

So at the very beginning, and your question, name three things in priority that they needed to take care of --
VICE CHAIRMAN EGGENBERGER: Maybe there's only two.

MR. PODONSKY: Well, the first thing, from our perspective, and Ambassador Brooks is doing this, is getting his organization and structure together to where people understand what their responsibilities are, and starting to be held accountable for it.

And then putting in a robust line oversight. That is from the top tier. I would turn to Dr. Worthington and Tom Staker and ask them to give you three examples, if they have three.

DR. WORTHINGTON: Thank you. I will talk, a little bit, about the sort of trends that we are seeing, and those things certainly apply to the NNSA organization as well, and I will take up on the one that Mr. Podonsky indicated already, and that was sort of the oversight piece, in particular.

And I will sort of cast my comments in the context of Integrated Safety Management, which I think is an excellent structure. Feedback and improvement mechanisms, across the board, including the NNSA sites, certainly is one that continues to need improvement.

We have seen tremendous improvement over the last two or three years in that area, but...
certainly, you know, more critical self-assessment programs on the part of NNSA would help them to find things that we are finding when we are there, on the ground, as well.

Glenn talked about a clear definition of roles and responsibilities; they certainly would apply to the feedback and improvement mechanisms, making sure that both on the federal and the contractor side, their roles and responsibilities regarding the types of assessments that need to be done. They certainly have been laid out.

And then making sure that those processes are rigorous and comprehensive and structured in such a way that they are finding the things, and they have a process that they are timely in terms of identifying the root causes, and that they are preventing reoccurrence.

Additionally, in the area of things needing improvements, and Glenn mentioned on one of the earlier slides, and that was the process for sort of managing and controlling changes to the nuclear safety role.

So those are certainly some key things. Core function one through four, in terms of identifying, you know, hazards. And following
procedures, and Glenn has talked about that, just
making sure that they are not backsliding.

Because, for the most part, they have
defined their systems, their ISM systems are defined,
and they need to focus more on the actual
implementation in certain key areas. Tom, if you have
other things to add?

MR. STAKER: I think those are the right
points. If it were up to me, we don’t have a list or
anything, but corrective action management is one of
the key items that we probably need to improve,
throughout the Department.

I think another area I would mention is
just implementation of requirements down at the
working level, and we need to improve that particular
area.

VICE CHAIRMAN EGGENBERGER: Thank you.

DR. MATTHEWS: Based on your field trips
and assessments, do you think the contractors, I’m
asking kind of a broad brush question here, are really
prepared to take on this independent self-assurance
type of activity that the new policy, particularly at
NNSA, seems to be going on?

And, you know, in -- and I’m not asking to
name names -- but it seems to me that is an important
step before this [DOE] lets them loose [and this] type
of transition occurs. And I’m wondering how you are
judging that.

MR. PODONSKY: Well, first and foremost,
if you look at the history of the orders in the
Department and how the oversight was being looked at,
at one point in the early ’90s, I think there really
were a lot of checkers checking the checkers, and that
is the case where more was not better, it was
confusing.

And then there was an attempt to roll that
back with 450.5, and that was misinterpreted to where
we were potentially capitulating federal
responsibility for oversight to the contractor.

Today, as then, we see varying degrees of
performance out there, and it is not consistent. And
that is why I even include it in my oral statement, as
well as written statement, our concern that while the
Department is moving towards more accountability for
the contractors’ performance, there still needs to be
that federal presence there.

And so specifically, I wouldn’t call them
field trips, as my kids go on field trips, we go on
inspections. But the inspections that we partake in,
we have seen as many sites as we go to, we see as many
different effective programs.

An example: at Y-12 the self-assessment program, as well as the contractor performance in the safety area, is far better at Y-12 than their security performance in both, the same areas. And so there is one site, right there, that is not ready for prime time.

And so the variance is very important, so that is why we very much appreciate Ambassador Brooks' engagement with independent oversight, and not only listens to, but hears what we have to say, oftentimes, about his sites' performance.

DR. MATTHEWS: And I will say, when I was on the other side, they didn't feel like field trips, either.

(Laughter.)

CHAIRMAN CONWAY: Again, we thank you for coming here. And I would say this, since Ambassador Brooks is cutting back some of the other "field trips," it looks like you are going to be his key eyes and ears, and he is going to depend upon you, and your people, very heavily, to assure that what he is doing, and what he is setting forth as his management methods, that they will succeed.

He is going to be heavily dependent upon
you, from what I have heard today.

MR. PODONSKY: That is what our understanding has been, actually, all along. It is just that Ambassador Brooks is actually listening to us.

CHAIRMAN CONWAY: Thank you very, very much. We always attempt to give individuals from the public time to speak, in each and every one of our hearings. I have one individual: Mr. Herman Potter, who represents PACE International Union [Paper, Allied-Industrial, Chemical and Energy Workers], has indicated the desire to speak this morning.

Mr. Potter, please come forward, and we welcome you.

MR. POTTER: Thank you. Thanks for listening to this testimony this morning. My name is Herman Potter, I work for PACE International Union, and I was formerly the health and safety representative for the Portsmouth Gaseous Diffusion Plant in Ohio.

PACE represents hourly employees at 11 of the nuclear DOE sites. There is a need for technically qualified, enforceable federal oversight to police DOE’s health and safety practices. This need is presently underscored by the situation at the