helpful to you. But I think, as I said before, you in
my mind personify one of the best in the DOE program
coming up through the Facility Rep program and
assuming the responsibilities that you’ve taken on
down at Pantex. And I’d say this is one of the
toughest jobs that DOE has, and you have that job for
DOE. So I want to thank you for the effort and what
you’ve been doing today.

MR. GLENN: Thank you, sir. We certainly
appreciate your insights. And I guarantee you, we are
thinking very hard and long about these changes.

CHAIRMAN CONWAY: All right. Now we’ll
turn to Mr. Michael Mallory, who is the General
Manager at BWXT Pantex. And also, Mike, we will put
in the record a résumé of your background and
experience.

MR. MALLORY: Okay.

Thank you for the opportunity to speak
today regarding the Contractor Assurance System at
BWXT Pantex. I am Mike Mallory, the President and
General Manager of BWXT Pantex, which is the M&O
contractor of the Pantex Plant for the Department of
Energy’s National Nuclear Security Administration.

BWXT Pantex is responsible for five core
missions at Pantex: (1) We evaluate, retrofit, and
repair weapons in support of both life extension
programs and certification of weapon safety and
reliability;

(2) We dismantle weapons that are surplus
to the strategic stockpile and;

(3) Sanitize the components from those
dismantled weapons;

(4) We continue to develop, test, and
fabricate high explosive components.

(5) And we’re responsible for providing
interim storage and surveillance of plutonium pits.

In the time I have today, I want to
discuss BWXT Pantex’s approach to contractor
assurance. I’m very positive about the contractor
assurance initiative as it applies to BWXT Pantex, and
I believe it will allow us to improve at a faster pace
as a company and as an M&O contractor.

BWXT Pantex assumed the operation of the
Pantex facility in 2001. Prior to that time, as we
developed our proposal, we expended significant effort
deciding how the Pantex Plant should be operated to
improve safety and quality. From those discussions,
we developed a philosophy of quality and self-
assessment that mirrors, in many ways, the NNSA’s
current approach to contractor assurance.
We began by creating a quality organization at Pantex. For several years prior to our arrival, quality functions had been disbursed through several organizations. By implementing a strong quality organization and placing an experienced manager at the helm, we were quickly able to re-establish a focus on product quality utilizing objective data and measurement.

For example, BWXT Pantex instituted holdpoint inspections to verify objectively the quality of manufactured products and the associated data that goes along with those products. We instituted a new root cause analysis program in FY01, and further strengthened it this year. Our quality efforts have resulted in 86 percent reduction in procedural adherence occurrences from FY01 to FY03.

Another proposal initiative involved the creation of nuclear safety officers in the manufacturing division to enhance ongoing assessments of nuclear facilities and operations. These individuals were drawn from our most experienced facility managers at Pantex.

We also implemented several initiatives to improve self-assessments. We developed an Executive Issues Review Board where senior managers meet monthly.
to discuss and evaluate performance issues and
significant performance data trends. We implemented
a Business Health Indicator process that measures
performance in a variety of areas and links it to
successful achievement of improvement initiatives. We
strengthened the self-assessment process by increasing
the quality and quantity of management self-
assessments and independent assessments. We’ve also
improved the critique process and the issues
management function. From the first day of our
contract, our approach has been to proactively look
for issues and resolve them before they become
problems.

Now that I’ve talked a little about the
past, I’d like to turn to our current activities.

We see contractor assurance as a facility-
wide initiative that is our primary tool for
demonstrating to ourselves that the Plant operations
are safe, secure, efficient, and of the highest
quality. Contractor assurance activities cut across
every business function in the company.

From an overall standpoint, contractor
assurance activities occur in three major steps. The
first step is collection of data, in which we gather
assurance information through divisional assessments,
metrics, independent audits and assessments, and management reports.

The second step is evaluation and improvement, which utilizes a centrally-focused issues management system to analyze performance data gathered by the assessments. Improvement action are taken accordingly and analyzed for effectiveness.

And the third step is communication, which ensures that assurance information is provided to BWXT Pantex senior management, the Pantex Site Office, and most importantly, the people doing the work.

Quality and Performance Assurance Division is responsible for the day-to-day management of the BWXT Pantex Contractor Assurance System. The division manager reports directly to me in all matters concerning contractor assurance and quality. Functional elements within the division include issues management, lessons learned, occurrence reporting, Price-Anderson accountability program, independent assessment, readiness assessment, and compliance assurance and product acceptance. Additional information is provided through the independent internal audit function, which also reports directly to me.

Operation of the BWXT Pantex Contractor

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Assurance System consists of several major components. We have a clear, documented description of activities. Managers understand the description of their responsibilities, and a clear plan of key activities has been developed. The Quality and Performance Assurance Division validates each functional manager’s annual assessment plan to assure the highest risk processes are included. Functional organizations provide assurance information in the form of assessment reports and metrics. Assessment completion is compared to established plans to ensure accountability. Assessment reports are reviewed for breadth, depth, and consistency, and feedback is provided to the functional organizations.

Quality and Performance Assurance Division also provides feedback to our functional managers through lessons learned, the Executive Issues Review Board, and direct communication. Assessment and event information is collected and evaluated for trending; this includes internal, independent, and external assessment data. Assurance information is provided to the Pantex Site Office in a variety of ways, including reports, charts, presentations, and letter.

Finally, we annually revise the contractor assurance plan and coordinate any changes with the
Site Office.

One more major component that deserves mention is the risk management model. BWXT Pantex operations are categorized within business functions, such as manufacturing, finance, environment, safety, and health. Each of the managers responsible for these business functions has determined the highest priority risk-based performance areas for their organizations. Each BWXT Pantex senior manager has obtained the agreement of his or her Site Office counterpart regarding the selection of the most important risk-based performance areas that are to be evaluated during the year.

BWXT Pantex considered risk in association with two fundamental dimensions: The consequences of a failure and the probability of a failure, considering the controls already in place and the historic performance in the area. Performance areas that cross functional lines, such as occupational injuries, radiation exposure, absenteeism, or occurrence reports are evaluated by a lead organization. For example, our employee concerns organizations leads the evaluation of Plant absenteeism.

Our assessment activities are conducted
independently and by the management of our functional organizations. Independent assessments and audits are performed by organizations separate from the process being examined, and management assessments are conducted by the organization responsible for the process.

The Independent Audit Group performs audits primarily driven by the DOE Office of Inspector General's Audit Manual. This guidance is incorporated into our own Plant Standard, which we call Standard 0270, titled "Internal Audits." The Independent Assessment Group performs assessments drive by 10 CFR 830.122 Subpart A [Quality Assurance], 10 CFR 835.102 [Radiation Protection], DOE Order 414.1 [Quality Assurance], and QC-1 [DOE Nuclear Weapons QA Requirements].

In addition, other groups such as product quality, explosive safety, nuclear explosive safety, and security conduct independent assessments of activities in their areas of expertise. The independent assessment program is covered by Plant Standard 0107, titled "Independent Assessments and Management Assessments."

The management assessment program, also driven primarily by 10 CFR 830.122 Subpart A and DOE
Order 413.1 [Management Control Program], is incorporated into Plant Standard 0107.

Each of 22 functional area managers are responsible for developing an annual assessment plan to evaluate his or her own processes through regular assessments. These assessments provide the managers with valuable information with respect to the processes for which they are responsible. The information provided by management assessments is a key element of the Contractor Assurance System process.

The subjects and frequency of all these assessments are determined through a risk model that takes into account a number of factors. For example, we look at external drivers such as 10 CFR 835.102 that require all areas of the radiological controls program to be assessed every 36 months. We also consider occurrence reports and the time that has passed since the last assessment in a particular area. A broad spectrum of functional areas is assessed, including nuclear safety, explosive safety, industrial safety, radiological controls, environmental compliance, quality and security. All of the independent audits and assessments are requirements-driven and evaluate performance against established
criteria.

Over 100 independent audits and assessments are performed every year. Copies of all internal audit and independent assessment reports, along with the results from the management self-assessment, are provided to Issues Management for tracking, trending, and Price-Anderson Act screening. The independent audit and assessment reports are provided to the Pantex Site Office as another key element of our assurance information.

Audit and assessment teams and leaders are trained and qualified and perform assessments using criteria review and approach documents [CRADs] that ensure assessment scope and purpose are met. The results of independent audits and assessments have been shared with the Site Office for more than six years.

BWXT Pantex is strengthening the existing management self-assessment process. Personnel performing management self-assessment will receive training from the Independent Assessment Group on the proper method of planning and performing assessments. This action to be completed by December 31, 2003. Additionally, representatives of the Independent Assessment Department will conduct an evaluation of
completed management self-assessments. This will include an evaluation of the effectiveness and documentation of the assessment as compared to the scope and the area. The action is ongoing and is a key component of the BWXT Pantex Contractor Assurance System.

A more formal risk model is being developed to ensure that the right functional areas and correct topics are being assessed. This risk model will be based upon probability and consequence so that BWXT Pantex can ensure those areas with the greatest risk will be assessed. This risk model is scheduled to be completed by March 31, 2004.

Improvements are also being made to the BWXT Pantex critique process. The Plant Standard for critiques has been revised and issued, and the lessons plan for critique director training has been revised and approved. The training of all critique directors will be completed by December 31, 2003.

Another key component of the Contractor Assurance System is assuring that the lessons learned from our strengths, as well as weaknesses, are properly fed back to appropriate Plant personnel. As a result, the Plant lessons learned program is reviewed and improved. These changes will be completed
by July 2004, and they will include full integration of the lessons learned process with a new corrective action system.

A variety of metrics are being used to ensure BWXT Pantex is focusing on the right issues. From a quality standpoint, we monitor metrics on occurrence reports, procedure adherence, the ratio of assessment driven issues to event driven issues, corrective action cycle time, assessment schedule performance, contractor assurance implementation milestones, implementation of Software Quality Assurance plans, product defect rates, and material control. In the area of safety and emergency management, we review metrics on total recordable case rate, the lost time rate, radiation exposure, chemical inventories, and emergency response organization training.

Metrics in the other functional areas, including production, personnel, infrastructure, security, finance, and capital and expense projects are also included in the plan.

These metrics are discussed monthly by BWXT Pantex management at our Business Health Indicator meeting.

Both the Internal Audit Group and the
Independent Assessment Group have a training and qualification program for their personnel. These groups are fully staffed and qualified. The personnel that conduct tracking and trending, Price-Anderson Act screening, and monitor the quality of critiques and causal analysis performance are trained on their respective disciplines. Since BWXT Pantex took the initiative early on to bolster the Plant’s assessment capabilities, these activities are appropriately staffed. However, as the system matures, we will monitor the workload to determine whether additional staffing is required. In addition, the quality of the management self-assessment program is being strengthened by [having] our Independent Assessment Group provide an assessment guide, training, and feedback to the functional area managers and their personnel on the conduct of assessments.

Over the past year Pantex has made a concentrated effort to improve all aspects of our issues management program. A detailed evaluation of the program was conducted in October and November of 2002, and a root cause analysis was performed to determine the causes of the weaknesses that are identified. A robust corrective action plan was implemented and executed to improve the issues.
management and corrective action process. The weaknesses, analyses, and corrective action plan have been discussed in detail with the Site Office, Pantex's Defense Board Site Representative, and the Office of Price-Anderson Enforcement, EH-6.

The current corrective action process is outlined in Plant Standard 6161, titled "Issues and Management." It requires all identified deficiencies be entered into the Plant's Action Management System by use of a standard form. This form is reviewed by the appropriate division coordinator, approved by the appropriate manager, and transmitted to the Performance Assurance Department for Nuclear Safety Rule screening as required by the Price-Anderson Amendments Act.

This process is fully integrated with the assessment process in that all assessments are queried by internal procedure to have the stand form completed on each finding or grouping of similar findings. Root cause analysis is required to be performed within 15 days. Subsequent determination of corrective action, based upon the identified causes, is required within seven days following completion of the causal analysis. The actions are then completed, and objective evidence of completion is required prior to
an action being closed in the system. The
documentation of findings, causal analyses, and
objective evidence of corrective actions are scanned
into the Plant’s Action Management System for a
complete electronic record.

In October 2001, the root cause analysis
process in place at Pantex was determined to be
inadequate and in need of improvement. BWXT Pantex
asked that representatives of the Kansas City Plant
[KCP] conduct a third party evaluation of the root
cause process at Pantex. KCP’s evaluation identified
weaknesses, including inconsistent and improperly
performed analyses, failure to use the Plant’s causal
analysis tools, and a lack of training of personnel
performing root cause analyses. As a result, BWXT
Pantex benchmarked the KCP process and later
implemented it at Pantex. The process is called
CA/MP, which stands for Corrective Action/Mistake
Proofing. Since November 2001, more than 1700
personnel have received training in the CA/MP process.

While improvements have been made, we
continue to strive for more consistent and effective
performance of root causal analyses. I meet monthly
with my management team to discuss in detail the
occurrence reports and the Price-Anderson
noncompliances of the previous month at the Executive Issues Review Board. The responsible division manager presents facts surrounding events and the results of the causal analysis. The Executive Issues Review Board and associated discussions have resulted in further improvement in our causal analysis.

To improve our ability to track and trend corrective action data, BWXT Pantex has purchased a new action tracking and performance trending system that will substantially improve the efficiency and effectiveness of our action tracking and documentation, but more importantly will substantially improve our ability to perform trend analysis and create performance indicators.

The Office of Price-Anderson Enforcement recommended this particular system, which is already in use at Hanford. My Performance Assurance Department benchmarked a number of systems and concluded that this was the best fit for our processes. My senior staff and I have observed a demonstration of the system, and we are committed to have it online and operational by July 31, 2004.

As a contractor, I see the Contractor Assurance System initiative as an improvement in communication between the contractor and the NNSA.
The process begins with the development of an annual plan, when the Site Office and BWXT Pantex meet to outline the approach for the coming year. Communication continues as the two parties reach agreement on activities to be assessed during the year and the level of risk these activities pose for the site. In addition, agreement is reached in each functional area on the frequency and form of assurance information that is to be provided by the Site Office. In every step of the Contractor Assurance process, from review of audit results to discussions about data trends, BWXT Pantex managers and their Site Office counterparts will communicate regularly.

I personally believe that self-assessment promotes better performance and is the reason our original proposal emphasized this concept. Contractor Assurance will drive BWXT Pantex to proactively plan assessments, measure corrective action effectiveness, and communicate the results internally and externally.

One area where this is clearly illustrated is in our Business Health Indicator program. Performance is assessed at the operating level using business-wide metrics. As these metrics are rolled up, we see how they affect our strategic improvement initiatives. Employees throughout the organization can see how
their personal performance impacts the entire Plant's performance.

An additional benefit of BWXT Pantex's Contractor Assurance approach is a strong Issues Management focus. The Issues Management system leads directly to improving day-to-day operations. It is a multifaceted set of tools and processes that implement the feedback and improvement function. The Issues Management system formally integrates all phases of problem or deficiency resolution including identification, evaluation, reporting, lessons learned, tracking, performance data trending, and closure. BWXT Pantex's formal Issues Management Business Policy encourages personnel at all levels of the company to report issues to the Issues Management process to be analyzed and corrected. A robust critique process quickly and accurately determines the facts, the timeline, and immediate actions to be taken for the respective event. Weekly status reports are provided to all senior managers, and issues are closed upon receipt of objective evidence that the specified actions have been completed.

One more significant benefit to BWXT Pantex is the fact that Contractor Assurance System lends itself to validation of data. Through
independent assessments, audits, review of metric
data, and trending information, our Quality and
Performance Assurance Division can validate the
accuracy and adequacy of the information received from
the functional organizations. Evaluation of event-
driven information against assessment results and
metric data provides an indicator of where detection
and prevention weaknesses may exist. Performance is
also validated through external assessments performed
by DOE or NNSA. We will also seek peer reviews of
selected processes by companies performing similar
activities at other DOE nuclear weapon complex sites.

In conclusion, I want to convey to the
Board that BWXT Pantex understands that safety,
quality, and security comprise the foundation upon
which this nation's nuclear deterrent has been
developed and maintained. Without a dependable
stockpile, our national security is at risk. It is in
this context that BWXT Pantex is implementing
Contractor Assurance. Contractor Assurance System
mirrors our corporate values of accountability,
responsibility, and continuous improvement.

Thank you for the opportunity to testify
today. I welcome any questions that you might have.

CHAIRMAN CONWAY: Thank you.
Dr. Eggenberger?

VICE CHAIRMAN EGGENBERGER: Yes. I hate to
go away from the roof cracking issue, so we’ll stay
with it here a little bit.

Do you know if the roof cracking issue was
ever entered into the action management system?

MR. MALLORY: I don’t believe it was, sir,
for this reason -- and I can only talk from 2001 on.
And I know there were issues before that.

In 19 -- I’m going to say ’99 -- nuclear
explosive operations were not conducted any longer
after that. As a matter of fact, the main thing we do
is the pit repackaging there.

Since I have been at the Site, there has
not been a concern that the roofs in 12-64 were --
that they were inadequate for doing the storage of
tooling and the pit repackaging. When that issue
basically got on my screen was in our planned sequence
of upgrading the facilities to do the SLEP [Service
Life Extension] programs. And it was clear then,
though, that the roof was not going to support further
nuclear explosives activities, and we need that
capacity. And it was the process of the construction
activities and what we were going to do with that
roof, and how it was going to be addressed, and how it
was going to be evaluated, that's how that issue came on my screen.

VICE CHAIRMAN EGGENBERGER: Yes. But the reason that I asked that is you are now doing something about it.

MR. MALLORY: Yes, sir.

VICE CHAIRMAN EGGENBERGER: So it has to be put in the system somewhere, and then before you do anything about anything, you say what you do is you have a risk model, then that determines the probability and the consequence of whatever it is of not doing anything. So I'm just taking an item and its sample. We could also use the fire loop leaks.

MR. MALLORY: Yes.

VICE CHAIRMAN EGGENBERGER: You can use anything. And so I'm just attempting to test what you say that you're doing and how you're doing it. You see what I'm --

MR. MALLORY: I do see what you mean.

Right now from a nuclear safety standpoint with the work that's being done in 12-64, I've never heard anyone that had an issue that would cause it to be entered into an action tracking system. It certainly shows up from the standpoint of our future and how we're going to utilize that facility.
VICE CHAIRMAN EGGENBERGER: You said it requires all identified deficiencies to be entered into the Plant's action management system. And that's a deficiency, a design deficiency because it wasn't designed right. And my point with him was that was not recognized by you collectively on a timely basis, because nothing was done for five years.

So, I guess maybe another example would be a better test where it actually worked.

MR. MALLORY: Yes. I don't know really what happened in 19 --

VICE CHAIRMAN EGGENBERGER: Okay.

MR. MALLORY: I can talk about the fire loop issue.

The belief was that for approximately four years that the fire suppression systems in the bays themselves were adequate. And as you're aware, when one of the 12-44 cells was being upgraded, we elected to test that system. And the system found that there were rocks there that effected some of the sprinkler heads. And as you are also aware, it then absolutely became an issue, and BWXT Pantex, we took it upon ourselves that, as you're aware, we've tested every bay and every cell so that we now know that water will come out of every sprinkler head. And that was
immediately entered into our Issues Management activity, and that’s why we took those actions.

CHAIRMAN CONWAY: Dr. Mansfield?

DR. MANSFIELD: Yes, Mr. Mallory. I congratulate you on the achievement of the 86 percent reduction, I believe it was in the procedural adherence occurrences. As you know, we focus heavily on that.

MR. MALLORY: Yes.

DR. MANSFIELD: It is the one thing that can’t be designed into a plant, and we rely continually and totally on your ability to train people to do that correctly.

Let me talk about a recent one. There was a recent violation where a multi-step process was permitted to be done in any order, at least in more than one order. A shift change took place before the multi-step process was completed. When it was resumed, one or more steps were omitted because the second shift didn’t recognize the order in which the things were done the first time. When that happened, did you put that into the Issue Management System with a requirement to propose to validate changes of procedures or instructions?

MR. MALLORY: I believe you could be
talking about two issues with the W56 [a nuclear weapon designation]. I'm not quite sure which one, but those are both ORPs [Occurrence Reporting Processing System] reportable.

DR. MANSFIELD: Yes, they were both -- we read every ORPs report as you know?

MR. MALLORY: Right. I know you do.

DR. MANSFIELD: Did an issue get created to be tracked to fix that, that was the first thing?

MR. MALLORY: Yes.

DR. MANSFIELD: I don't know if it was within your 15 days window or not? And I believe that was sufficiently longer. When was that? That was two weeks ago?

MR. MALLORY: Within that time period.

DR. MANSFIELD: Something like that. So it may not be finished yet.

Did the procedure get changed or at least is there a draft of such a change? Is the next step that you would approve it and would Mr. Glenn have -- would it show up on his thing also, would he have to approve the change in procedures?

MR. MALLORY: Typically, no. I'll get more specific. I'll talk generically. I don't know what Dan will want to do, but typically I wouldn't be
involved in the approval of process changes.

Now, I'm not sure which W56 issue we're talking about.

DR. MANSFIELD: This was the one where I believe there were 12 steps --

MR. McCONNELL: They did the setup for three actions, but didn't complete all the actions and got out of phase.

MR. MALLORY: Right. Right. And they got out of phase.

Let me back up before I talk about that one, and I'll talk about the W56 issue that happened prior to that where a piece of tooling was disassembled.

I personally, because I saw that as a safety issue, I got very, very involved in that one. And I've gotten involved with a number of issues that have to do with procedure adherence in the bays themselves.

And because I have -- it's been a lot of years ago, but for many years as a process engineer, I designed all my own tooling. I wanted to understand how this could happen. And the issue that Dan and I had, and also discussed it at great length with Pantex's Defense Board Site Rep, was how a group of
people could use a piece of tooling that was not assembled properly and then not know that it wasn't.

I talked to every one of the people that were involved. I personally utilized the tooling myself with mock HE [high explosive]. I tried personally to make that tooling fail, and I followed the procedure that had been written for that, and I came away with the conclusion that the way it was written, the PTs [Production Technicians] had followed that process exactly. It had a note that allowed them to lift and tilt the tooling in a way that it was conceivable that the first group that used it didn't notice that it was put together improperly. And that the second did.

Now, as a result of my involvement, we spent three days practicing to remove a piece of high explosive hemisphere from that tooling so that we could finalize that part of the process.

I went down and I stood there and I watched them myself to make sure that they did that properly. And as a result of my involvement we stopped operations. We stopped operations a number of times in 2003 for safety issues. We went through all of the tooling in all the bays themselves, and we're finishing up the bays. We went through everything in
the cells in a couple of days to verify that each piece of tooling was put together properly. We went through the entire tooling warehouse to make sure that every piece of tooling was put together properly.

And this piece of tooling had been disassembled about 4½ years ago, and this was the first time it had ever been used.

We’ve also changed our receiving inspection organization to improve the -- quality’s not the right word -- but the experience of the people doing that. We’ve even changed the forms and how they fill out the information and required functional tests of the tooling that requires HE activities.

We’ve also changed our tooling organization so that now they have a peer review before anything leaves that tooling organization so that we do not put the reliance on a receiving inspection organization or on the PTs to assure that tooling is put together properly.

One of the things that happened was in the mid-'90s to lower costs, because I talked to all the tooling people that were available, you know, that still work there. There was an effort to reduce costs, and there’s nothing wrong with reducing cost. But the cost reduction was in the manufacture of the
tooling, and they designed the tooling in a way where
-- and this always gets you -- they didn’t put any
offsets in it. Everything is on a center line. It
reduces the amount of setups that the tool and dye
makers used. So they did reduce their costs. They
weren’t looking five years down the road when somebody
put it together wrong.

So that’s my involvement in that one, and
it was significant.

My involvement with the one that happened
a couple of weeks ago where that team got out of
phase. The question in my mind is just like it always
would, with the approach that we take. With the
reader, checker, doer, how is it possible at Pantex
for anyone to get out of phase? And they are working
their way up to me as far as the management reviews of
that particular action. And when I get back home
tomorrow, I’m meeting with that team.

My policy has been, and I put it in
writing a couple of weeks ago, just as I review every
safety incident from a personal safety issue, I will
review with the management and the people that are
involved in procedure adherence issues, I will
personally be involved with them, and I will talk to
them to find out if they know how to do their job, if
they have the wherewithal and the support of their management to do their job, and if they intend to do their job properly and follow procedures.

So, my involvement with procedure adherence is deeper than any other time in my career, and rightfully so. I take what we do at Pantex very, very seriously. I expect it to have an incredible amount of scrutiny. And I'm open and I welcome all the feedback that we can get that will help make that site safer and better quality from anyone that gives it.

DR. MANSFIELD: Excellent. Excellent.

Now my question that I had the view on this was since this procedure is relied on for safe operations, since the procedures in general are -- in effect -- have the same status as safety class hardware, and if it doesn't work right, you can't count on keeping you within your safety basis, since for that reason, procedures need to be cast iron, if you want, unbreakable or if it does break, everybody knows it. Don't you feel that that requires a deeper level of personal review within the Pantex Site Office than procedure changes usually have in the past?

MR. GLENN: Yes. And let me describe a little bit the way the Site Office gets involved in
this kind of event.

The first thing that we look at is, did the contractor self-identify?

DR. MANSFIELD: Yes.

MR. GLENN: You know, problems occur, errors are made, and we fully expect the contractor to identify that, stop the work, and do the process, to back out, to resolve it. So that’s the first thing, and in this case, it was self-identified.

The second thing that we look at from the Site Office perspective is on the technical inquisitiveness on the part of the contractor. And that is usually illustrated in a properly run critique. We attend the critique. We see: did the contractor fully define the issue, identify proposed corrective actions, you know. And in the critique you only get so far into those corrective actions. And then that translates to the occurrence reports.

My Site Office staff gets involved in both the critiques where I have my duty office always attends the critiques or one of the other federal personnel in the operations. In this case, my operations group would go to hear the issue to find out what impact or quality impact that could have made.
In the Authorization Basis development part of our steps is when they look at those procedures is to determine if it's a skipped step or a reverse step; what consequences could they have. And so as procedures and processes are being defined, that's being looked at. So we have a level of confidence that kind of mistakes in the big area have been looked at. But now it's our obligation to go back and check the specifics.

In this case, the actions that were performed didn't result in a safety concern in a way that that weapon activity was performed. If it was, if there was a potential consequence, that's when I sort of jump in with both feet at that point. We have had some cases of that which it comes up through me, through the Facility Rep. They report back to me if there's issues with the critique or from my operations SME as far as what came out of that, what is the issue.

And then, generally, every Monday afternoon Mike and I discuss various issues, but a lot of those discussions are the events that we want to focus on to make sure that he and I have a general understanding of what happened in that and what is the path forward. So that I'm kept aware of what my
contractor is proposing on that.

So, that's pretty much the process.

DR. MANSFIELD: Okay. In particular, I understand what you mean. That these particular steps were judged not to be important for safety and could be done in a different order and that other steps that are determined to be important for safety are marked very carefully in the procedures.

MR. MALLORY: Yes. And I'd like to add that I'm aware of every critique that occurs at the Site. And if I'm on Site, I go to those. There's two reasons.

Number one, I want to hear as soon as possible from the people that were involved their version. And I don't say anything to them. They come to me later, you know, where I ask the questions.

Second, the Site needs to see when something goes wrong that their General Manager knows about it and is interested in their being involved. I think that's very, very important, and that's why I do that.

DR. MANSFIELD: Okay.

MR. MALLORY: And I don't make judgments about whether it's a safety issue or not whether I get involved. If I'm there, we go to the critiques.
DR. MANSFIELD: Okay. It’s a question of procedure adherence?

MR. MALLORY: Yes, sir.

DR. MANSFIELD: The line of logic I’m getting here on, it might be obvious to you, the fact that these steps could be performed in any order and perhaps one omitted did not take you out of your safety basis. Isn’t it an indication that other steps in the procedures if performed out of order or omitted wouldn’t take you out of the safety basis?

So the logical question on my part is: in the review of the procedures initially for approval, were consequences of omitting steps or performing the steps out of order taken fully into account, number one? Number two, did Mr. Glenn as the Pantex Site Officer have assurance that the procedures had been scrubbed so that the steps important to safety weren’t scrambled in order or omitted? And number three, is somebody at Headquarters watching you like a hawk on this?

I’m not in the Navy, of course, but I see some Navy people out there. If somebody when you’re doing an evolution like a dive in a submarine, there’s obviously some steps that have to be done in the right order. If they’re not done in the right order,
obviously the commanding officer’s got to find out about it. But for sure somebody further up the chain finds out about it also. The individual operators aren’t free to fix every problem without people up the line knowing about it.

So my question is: does Headquarters watch this like a hawk? And if so, who is familiar with every time you have to address the issue of a potential safety issue in a procedure that has steps either omitted or --

CHAIRMAN CONWAY: You’ll have to ask somebody at Headquarters. These guys are out in the field. I guess the point is, do you report up it, and has anybody at Headquarters contacted you on it?

MR. GLENN: Let me see if I can answer a couple of those questions.

First of all, you know clearly the procedural adherence violation is significant no matter what the specific steps. And that’s where we look at the contractor’s action to just set the standard that procedural adherence is really necessary. Okay. There’s the general, and then the specific of this. And the specifics we look at: does it create any immediate problems that the actions have just occurred? If there is, then we respond right
way. If there isn’t, then we allow the process to evolve it.

Also, when there’s an immediate concern, that’s when I would get on either my email or phone and let Dr. Beckner or Dave Beck know of the specific event.

Other than that, specific events that effect that are significant are discussed in the weekly NA-12 & 13 conference call.

And so it is a judgment on my part whether I feel I need to inform them immediately or not. And I believe, you know, their expectation is at the Site, I understand the procedure in depth. And I had determined there is not an immediate safety implication, then there is no expectation that I would pick up the phone and call them; "I just had this event." Because we do have it reported in the occurrence reports that Headquarters people do take a look at, that their staff takes a look, as those reports, as they are initiated. And then we have discussions at the staff level on the specifics of those if they have any follow-up questions.

DR. MANSFIELD: So nobody at Headquarters is really expected to know the details of those procedures?
MR. GLENN: Correct.

DR. MANSFIELD: Okay. I contrast that with what’s in OP-98 [as of December 2003, Navy Staff Code OPNAV N77], the submarine operators? Whatever it is. I don’t know what it is now.

Okay. Thank you.

CHAIRMAN CONWAY: Mr. Matthews?

DR. MATTHEWS: Yes. You described a very extensive assessment, contractor assessment program of tracking and trending and criteria and Issues Management, and that’s all very good. But it came across a little bit paper heavy from what I heard.

So what I want to ask is: do you track how often your managers are on the floor talking to operators about safety issues? Now you described a personal case, which was very impressive, where you went down there. But that was sort of in the reactive mode. And I’m thinking more in the preemptive mode. Do you do that? Do you have a formal management on the floor, safety type of program, and how often do they do those types of things?

MR. MALLORY: Yes. "Management By Walking Around."

DR. MATTHEWS: Right.

MR. MALLORY: Yes. At least every other
week I go for at least two hours out on the floor in an unannounced way where I just drop in in the bays themselves, talk to the people, see how things are going. The people that actually get on system and check my schedule for the day, they kind of know when I might be coming but they don’t know where.

As far as the people, for example, in manufacturing. They spend almost their whole day, people in management, out on the floor just dealing not necessarily with issues, but just making sure everything is going smoothly.

There is no formal requirement to do Management By Walking Around. I have worked places before where there were expectations set, and they became minimum expectations, not maximum. My expectation is that people will be involved in the support of the manufacturing organization, and I’ve made it very clear that if it was not for the manufacturing organization at Pantex, they would not need any of the rest of us. We’re only there to support manufacturing. And I believe that there is a significant amount of attention to our manufacturing organization. And that our engineering organization - - and I am an engineer. I spent five years earning the right to criticize engineers. I have a bias that
those engineering organizations will lose the arrogance they’re sometimes accused of having. They will acknowledge that they work for the manufacturing organization, and they will respond to any need that’s necessary.

And I usually have a rule that when someone in engineering wants to talk to me, they can meet me on the manufacturing floor.

DR. MATTHEWS: That sounds like you’re setting a good example. I like that.

The other thing that I want to ask briefly, you stated in your remarks that you had an average of 100 independent assessments and audits in a year. That’s like two per week.

MR. MALLORY: Yes.

DR. MATTHEWS: That sounds like a lot to me.

MR. MALLORY: And that is the plan that we have here.

DR. MATTHEWS: And the question is how many of those are safety related? Now are they yours or are they truly independent? I guess I’ve misunderstood the --

MR. MALLORY: Yes. I talked in my testimony about two groups. Our Internal Audit
Group, and our Independent Assessment Group.

The Internal Audit Group is the group that most people usually identify with financial accounting activities. Now the problem with internal audit groups is if you only elect to use that expertise to look at internal financial audits. You know, unallowable costs, those kind of things. So from any Internal Audit Group, most of them are CPAs [certified public accountants], and we've spent a lot of effort in improving and increasing the ability of that group.

When we lay out our internal audit plan for the year, I hold five periods of time back just for myself.

DR. MATTHEWS: Let me interrupt you, because I just really want to get a quick answer.

MR. MALLORY: Okay.

DR. MATTHEWS: And that is those 100 per year are performed by BWXT?

MR. MALLORY: Yes. Yes.

DR. MATTHEWS: Okay. Then I misunderstood your statement. I thought -- I assumed it was outside.

MR. MALLORY: No, no. The other group is our Quality Assurance Product Division and they do independent reviews also. And when I say "independent," independent of that functional
organization. Manufacturing does its own self-assessments, but there are other groups in BWXT Pantex that are looking at them also.

DR. MATTHEWS: Okay. Thank you.

CHAIRMAN CONWAY: In view of the time is moving on, I may send you some questions that I have. But in order to save some time, I thank both of you for being here. And we may also have after we read the transcript additional questions.

   Thank you.

MR. GLENN: Thank you.

CHAIRMAN CONWAY: Okay. We'll, turn to you, Mr. William J. Brumley, Manager of the Y-12 Site Office.

MR. BRUMLEY: Thank you, sir.

Mr. Chairman, if you would prefer, I would be happy to just summarize my brief statement and it be submitted for the record?

CHAIRMAN CONWAY: Fine. Let's do it that way. It will be in the record as read in whole. Yes.

MR. BRUMLEY: Thank you.

Thanks for this opportunity to provide testimony on our process for contractor oversight and our role in ensuring the mission assigned to NNSA are effectively accomplished.