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Department of Energy  
Carlsbad Field Office  
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Carlsbad, New Mexico 88221  
MAR 22 2012



Mr. Jon E. Hoff, Manager  
Quality Assurance  
Washington TRU Solutions, LLC  
P. O. Box 2078  
Carlsbad, NM 88221-2078

Subject: Surveillance Report S-12-13, WTS Centralized Procurement Program

Dear Mr. Hoff:

The Carlsbad Field Office performed Surveillance S-12-13 of the WTS Centralized Procurement Program at the Skeen Whitlock Building, March 13 – 14, 2012. The surveillance team concluded that the overall status of the program is adequate, satisfactorily implemented, and effective. No conditions adverse to quality were identified during the surveillance. The details of the surveillance and conclusions are provided in the enclosed surveillance report.

If you have any questions, please contact me at (575) 234-7459.

A handwritten signature in black ink, appearing to read "Richard Farrell".

Richard Farrell  
Quality Assurance Specialist

Enclosure



Mr. Jon Hoff

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MAR 22 2012

cc: w/enclosure

R. Unger, CBFO	ED
C. Fesmire, CBFO	ED
E. Preciado, CBFO	ED
M.F. Sharif, WTS	ED
M. A. Mullins, WTS	ED
T. Peake, EPA	ED
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R. Lee, EPA	ED
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S. Holmes, NMED	ED
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R. Maestas, NMED	ED
T. Kesterson, NMED/DOE OB	ED
J. Marple, NMED/DOE OB	ED
D. Winters, DNFSB	ED
P. Gomez, CTAC	ED
M. Mager, CTAC	ED
WIPP Operating Record	ED
CBFO QA File	
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\*ED denotes electronic distribution

## CBFO SURVEILLANCE REPORT

**Surveillance Number:** S-12-13

**Surveillance Date:** March 13 – 14, 2012

**Surveillance Title:** Washington TRU Solutions (WTS) Centralized Procurement Program

**Organization:** WTS

**Surveillance Team:**

Paul C. Gomez, Surveillance Team Leader	Carlsbad Field Office (CBFO) Technical Assistance Contractor (CTAC)
Harley Kirschenmann, Team Member	CTAC
Earl Bradford, Team Member	CTAC

**Surveillance Scope:**

The surveillance evaluated the implementation and effectiveness of the policies, plans, and procedures related to the WTS Centralized Procurement Program for procurement of items and services utilized in the operation and maintenance of the Waste Isolation Pilot Plant (WIPP).

**Surveillance Results:**

The surveillance team determined that the WTS Centralized Procurement Program continues to adequately incorporate upper-tier requirements into program plans and procedures. The program plan and procedures are satisfactorily implemented and effective.

**Activities Evaluated:**

- WIPP Centralized Procurement Program Plan
- Quality Assurance Inspection Planning
- Preparation of Purchase Requisitions
- Proposal, Competition, Identification, Selection, Evaluation, and Award
- Approval Request/Variation Request (AR/VR) Process
- Fabrication Oversight

**WIPP Centralized Procurement Program Plan**

WP 08-PT.08, *WIPP Centralized Procurement Program Plan*, describes and documents the process for procurement and acceptance of items manufactured for the WTS Centralized Procurement Program. The surveillance team interviewed the Centralized Procurement Coordinator and the Fabrication Oversight Lead and reviewed Centralized Procurement Program documents. The surveillance team verified that the plan and implementing procedures adequately flow-down the requirements of the program as described in the plan for responsibilities of the Centralized Procurement Coordinator, Fabrication Oversight and User Sites. Engineering file room procedure 09-CN3007 maintains the configuration of commodity fabrication specifications and design drawings for Centralized Procurement Program-controlled items. Initiation of Certificates of

Conformance (C of Cs) and quality assurance (QA) inspection plans are addressed in the respective Quality Assurance Inspection Plan procedures (e.g., WP 13-QA.19, *Quality Assurance Inspection Plan for Standard Waste Box inventory*). Centralized Procurement Program performance measures for customer satisfaction, product quality, and delivery schedule are performed on a continuous basis. Customer satisfaction and product quality are continuously monitored via the AR/VR process, which documents completed data package submittals for acceptance and issues such as nonconformances. The delivery schedule performance is continually monitored by comparison of the Purchase Order delivery requirements to the supplier-provided delivery schedule.

The items selected for this surveillance are listed in WP 08-PT.08 section 4, Current Products.

Overall, the surveillance team determined that the WTS Centralized Procurement Program Plan process was adequately established, satisfactorily implemented, and effective.

#### Quality Assurance Inspection Planning

Several data packages for standard waste boxes (SWBs) (including serial numbers (S/Ns) 120021 – 120060) and ten-drum overpacks (TDOPs) (including S/Ns 100577 – 100592) were reviewed for WTS Fabrication Oversight compliance to the instructions to conduct and oversee quality-related functions in support of the procurement of Centralized Procurement Program items. These instructions are specified in WP 13-QA-19, *Quality Assurance Inspection Plan for Standard Waste Box Inventory*, and WP 13-QA-20, *Quality Assurance Inspection Plan for Ten Drum Overpack Inventory*.

The surveillance team determined that checklists for pre-production inspections, first article inspections, and source inspections were adequately documented and included in the data packages. The checklist for a WTS-initiated Certificate of Conformance was found to be properly completed and included in the respective data packages. The content of each data package was validated to be complete by Fabrication Oversight signature and date. The data packages contained completed inspection plans for each SWB and TDOP included in the data package. The team verified the Centralized Procurement Coordinator maintains record copies of each data package in fire-rated vertical cabinets, which are under controlled access (lock and key).

Overall, the surveillance team determined that the Quality Assurance Inspection Planning process used by the WTS was adequately established, satisfactorily implemented and effective.

#### Preparation of Purchase Requisitions

The surveillance team verified that purchasing staff are qualified as required and have completed all pre-requisite training identified in WP 15-PC3609 section 1, including training courses covering the graded approach to purchase requisitions.

The surveillance team verified the component grading of spare components as Management Level 4 (ML-4) per WP 09-CN3005; these had been graded previously as

a Quality Level 1 (QL-1) per CCP-QP-001 under Management Level Determination (MLD) #11-034 for SWBs, the standard large box 2 (SLB2), and TDOPs; also verified the ML-4 procurement of Type-A Packaging under MLD #11-035, which was also previously graded a QL-1 procurement.

The team verified Purchase Requisition 404007 for 100 SWBs purchased for Los Alamos National Laboratory, delivery to begin in December 2011 and be completed by March 2012. This purchase was approved by the site, so the AR/VR was generated by the Subcontract Technical Representative (STR). The AR Transmittal Register is completed for the approved supplier, providing specification number, due dates, and the description of the submittal.

Per WP 15-PC3608, the role of the subcontract technical representative includes the receipt of the purchase requisition, where the contract, statement of work (SOW), place of performance, delivery, administration, and requirements are evaluated. Signatures are completed with attention to the AR/VR. The STR verifies completeness of the AR/VR. The surveillance team verified AR/VR WIPP-R404007-61 for Peterson, Inc.

Overall, the surveillance team determined that the WTS Preparation of Purchase Requisitions process was adequately established, satisfactorily implemented and effective.

#### Proposal-Competition-Identification-Selection-Evaluation-Award

The surveillance team verified that all individuals who are buyers are compliant with program requirements and policies. The QA group maintains a Qualified Suppliers List (QSL) that provides both basis for qualification date and expiration date. The team verified that both NFT and Premier Technology are on the QSL. When a requisition is modified to purchase an item not in the original proposal, the purchaser will ask the supplier if the item is available from the qualified supplier and may add the item, as long as the item is reasonable in cost and would not require a new purchase requisition.

The team verified that, when competitive solicitation is used, the Purchase Specialist determines the competitive solicitation, if the dollar value is greater than \$25,000, time available, quality specifications, and if the market has more than two independent suppliers. For a "compelling urgency" procurement, a noncompeted procurement is possible if the cost is under \$100,000. If the cost is greater than \$100,000, a form EA15-PC3609-2-0 must be filed; purchasing management determines reasonableness and then determines the award using published price lists. Compelling urgency schedules are generally within 21 days to 4 weeks to meet urgency standards and delivery.

The team verified that the purchase specialist utilizes the lowest evaluated offer method and best value source selection. The use of cross-functional teams who evaluate proposals for diversification in the group for nontechnical and technical evaluations using proposal #415596 proved to be adequate and compliant with procedures, including non-access to pricing until the technical evaluations were completed. For these proposals, a combination of Procurement and Technical Management is responsible for finalist determinations. The team verified negotiations were fair, quality requirements were clear, and resolution of quality deficiencies were completed prior to award. Mistakes are

usually obvious to the suppliers in the bidding process; rarely do they have to correct information concerning their bid. For contract values greater than \$2,000,000, the purchase must be approved by the Department of Energy.

Overall, the surveillance team determined that the WTS Proposal-Competition-Identification-Selection-Evaluation-Award process was adequately established, satisfactorily implemented, and effective.

#### Approval Request/Variation Request (AR/VR) Process

Selected Centralized Procurement Program contracts awarded for the fabrication of TDOPs and SLB2s related to AR/VR forms were examined to ensure compliance with the requirements in WTS procedure WP 15-PC3041, *Approval/Variation Request Processing*. Contract documents reviewed included Purchase Orders, Requisitions, and SOWs and/or Memorandum Purchase Orders. Purchase Orders between WTS, INL, and Petersen, Inc., for the fabrication of TDOPs were evaluated. In addition, purchasing agreements between the WTS, the Hanford Site, and Petersen, Inc., for fabrication and delivery of SLB2s were evaluated. Requirements evaluated included flow-down of AR/VR requirements within the contracts, establishment and use of the AR/VR Transmittal Register for identifying the appropriate supplier submittals, distribution of AR/VR forms and submittals, comment resolutions, and review and approvals.

Overall, the surveillance team determined that the AR/VR process used by the WTS Centralized Procurement Program was adequately established, satisfactorily implemented and effective.

#### Fabrication Oversight

Selected Quality Assurance Inspection Plans (QAIPs) for documenting inspections associated with the manufacture of TDOPs and SLB2s were examined to ensure compliance with the requirements of WTS procedure WP 13-QA3020, *Fabrication Oversight*. Requirements evaluated included development and proper completion of QAIPs, inspection personnel training/qualification, inspection planning, hold and witness point verifications, inclusion of adequate inspection attributes, in-process and final inspections, issuance of C of Cs and the disposition of supplier identified nonconformance reports (NCRs).

Overall, the surveillance team determined that the WTS Fabrication Oversight program is adequately established, satisfactorily implemented, and effective.

#### **Corrective Actions:**

No issues requiring corrective action were identified during the audit.

Surveillance Team Leader: 

Date: 3/20/2012

CBFO QA Director Approval: 

Date: 21 Mar 12