



# Department of Energy

Washington, DC 20585

QA: QA

JAN 16 2003

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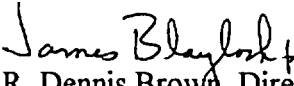
## OBSERVATION REPORT OQA-03-OR-02 OF BECHTEL SAIC COMPANY, LLC (BSC) QUALITY ASSURANCE (QA) INTERNAL AUDIT BQAC-BSC-03-01

The observation report performed by representatives of the Office of Quality Assurance of BSC/U.S. Geological Survey procurement activities at Las Vegas, Nevada, and Denver, Colorado, on October 25 - November 1, 2002, is enclosed.

The objective of the observation was to evaluate BSC's implementation of the internal audit process and the ability of the BSC QA Audit Team to effectively evaluate the implementation of the requirements of DOE/RW-0333P, Revision 12, *Quality Assurance Requirements and Description*, for the areas audited.

The observer has determined the BSC internal audit was conducted as required, and conditions identified were accurately and factually documented in accordance with applicable procedures. Reporting of audit activities has been properly documented and determined to be satisfactory.

If you have any questions, please contact either James Blaylock at (702) 794-1420 or Bobby C. Scott at (702) 794-5408.

  
R. Dennis Brown, Director  
Office of Quality Assurance

OQA:JB-0530

Enclosure:  
Observation Report OQA-03-OR-02



D. T. Krisha

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JAN 16 2003

cc w/encl:

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NM5507  
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QA: QA

U.S. DEPARTMENT OF ENERGY  
OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT  
OFFICE OF QUALITY ASSURANCE

OBSERVATION REPORT

OF

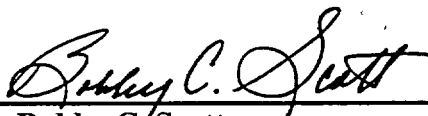
INTERNAL AUDIT BQAC-BSC-03-01

PROCUREMENT ACTIVITIES WITHIN  
BECHTEL SAIC COMPANY, LLC / U.S. GEOLOGICAL SURVEY

CONDUCTED IN LAS VEGAS, NEVADA AND  
DENVER, COLORADO

OCTOBER 25 - NOVEMBER 1, 2002

Prepared by:

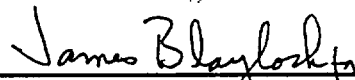


Bobby C. Scott  
Observer  
Navarro Quality Systems

Date:

12/19/02

Approved by:



R. Dennis Brown  
Director  
Office of Quality Assurance

Date:

1/16/03

## 1.0 INTRODUCTION

A performance-based audit was conducted October 25 - November 1, 2002, by the Bechtel SAIC Company, LLC (BSC) Quality Assurance (QA) organization of the procurement activities within the BSC, Las Vegas, Nevada, and the U.S. Geological Survey (USGS), Denver, Colorado facilities. The audit was conducted to determine effectiveness in meeting critical process steps associated with procurement activities. The audit was observed by a representative of the Office of Quality Assurance (OQA) for only the Las Vegas, Nevada portion of the audit.

## 2.0 OBJECTIVE

The objective of this observation was to evaluate BSC's implementation of the audit as described in AP-18.3Q, Revision 0, *Internal Audit Program*, and to assess the ability of the BSC QA audit team to effectively evaluate the implementation of the requirements of DOE/RW-0333P, Revision 12, *Quality Assurance Requirements and Description* (QARD).

## 3.0 AUDIT PERSONNEL/ORGANIZATION/FUNCTION

Richard E. Powe, BSC/Audit Team Leader  
Joseph R. (Chip) Miller, BSC/Assistant Audit Team Leader  
Lawrence W. McGrath, BSC/Auditor (USGS facility)  
David Z. Hathcock, BSC/Auditor  
Roxanna L. VanDillen, BSC/Auditor

## 4.0 OVERVIEW OF THE INTERNAL AUDIT PROCESS

Elements of the audit process observed included planning, performance, documenting, and reporting.

### Planning

Planning for this audit was completed as required and documented in an audit notification letter and plan dated September 27, 2002. The BSC QA Manager approved both documents. Audit team members were observed to be well prepared with a formal approved checklist developed to guide the audit team. It included questions on applicable requirements and documents, as well as follow-up questions on previously identified deficiencies. The audit plan and checklist were also found to be adequate.

Qualification records for each selected team member were reviewed during the audit by the observer as evidence that each individual was qualified in accordance with AP-18.1Q, Revision 0, *Audit Personnel Qualification*. The audit team personnel qualifications were found to be satisfactory for performing evaluations of quality-affecting activities and processes.

### Conducting

A pre-audit meeting with the audit team, observer, and cognizant management was conducted to review the audit scope and activities to be audited. An attendance sheet was circulated as required to document attendance.

The observer confirmed the adequacy of the audit performance through the review of auditor techniques, including auditor's conduct of personnel interviews and the selection of documents reviewed, and by evaluating the auditors' ability to query the audited organization and examine objective evidence.

The audit team leader interfaced with the audited organization through on-going open communication. Daily meetings with management appropriately coordinated interfaces, advised of audit progress and identified any potential conditions or issues requiring prompt corrective action or immediate management attention.

### Documenting

Documentation of objective evidence was observed as being recorded on the formal checklist. In addition, conditions adverse to quality were documented as required by AP-16.1Q, Revision 5, *Management of Conditions Adverse to Quality*.

### Reporting

Results of the audit were documented in the BSC audit report dated December 3, 2002, and included the identification of four conditions adverse to quality, and one best practice.

The specific conditions adverse to quality were:

1. Planning of procurements using a systematic approach is not adequately described in implementing documents and could not be found in any issued documents. (Deficiency Report (DR) BSC(B)-3-D-039)
2. BSC Functional Managers have not established training requirements for complex process such as the procurement process that is described in a number of implementing documents. (DR BSC(B)-03-D-040)
3. The process that describes how to handle Supplier Deviation Disposition Reports is not adequately described and/or implemented (DR BSC9B)-03-D-041)
4. Employees performing self-assessments within the BSC Procurement and Property Department, but lacking AP-2.20Q, *Self-Assessments*, training were directed to obtain required training. (Quality Observation BSC(B)-03-O-0230)

Identified as a best practice is that the USGS is currently doing an excellent job at “self-identifying” conditions adverse to quality and quality observations regarding procurement issues.

## **5.0 CONCLUSION**

Through observation of the audit and review of the audit documentation and report, the OQA observer has determined the BSC audit was conducted as required, and conditions were accurately and factually documented in accordance with applicable procedures.

The audit was well planned and executed. Audit personnel displayed good communication and professional skills, and appeared prepared for the audit. Decisions regarding the conditions adverse to quality were determined by the observer to be appropriate.