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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

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Hub

Attached find the
comments on Management
Systems for consideration
in your speech to the
DOE committee.

J.K.C.

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PDR WASTE PDR
WM-10

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1. DOE's method of contracting which allocates fees based on meeting schedular milestones and may not provide specific incentives for meeting requirements for licensing particularly those pertinent to quality assurance, is inappropriate. My recommendation is that incentives be incorporated in DOE contracts with prime contractors that are based on compliance with requirements for quality assurance contained in 10CFR60. Contracts should not provide co-equal incentives for meeting milestones and adhering to quality assurance requirements. Adhering to quality assurance requirements should be foremost. In general if fee type contracts are used by DOE to control contractors, incentives should reflect licensing requirements.

Reviews of DOE practices in this area, including their monthly assessments of Rockwell forming the basis for their fee awards, will highlight where the emphasis has been placed in the past. Based on discussion with DOE personnel such a review will identify DOE's emphasis hertofore on meeting milestones.

2. The assignment of responsibilities to managers within a given organization and identification of authorities which correspond to responsibilities is a principle which should be highlighted in any management set up. Also from organization to organization responsibilities and authorities must be identified by contracts or other formal documents. The applicant for a repository license must be careful not to provide informal (undocumented) direction to subtier organizations. The concern is that "intimidation" of lower tier management may occur relative to accomplishment of actions critical to safety, covered by the HRC technical rules.

3. Management systems within the applicant and at least his first tier contractor whatever they are should be set up so that the systems are made public. These systems should assume that periodic audits of management actions and compliance with organization policies and management procedures are accomplished and will be made public. In other words management schemes should assume that the public will be continually aware of its performance, and the management procedures should facilitate this public awareness.