Department of Energy
Washington, DC 20585

JM CHRON
- JM RECD MA-9- 5/18/10
- DRB REVIEW - 5/21/10
- DRB DISCUSSION - 6/3/10

MEMORANDUM FOR INGRID KOLB
DIRECTOR
OFFICE OF MANAGEMENT

THROUGH: KEVIN T. HAGERTY
DIRECTOR, OFFICE OF INFORMATION RESOURCES

FROM: PAUL BOSCO
DIRECTOR, OFFICE OF ENGINEERING AND CONSTRUCTION MANAGEMENT

SUBJECT: Notice of Intent to Revise DOE Guide 413.3-7, *Risk Management Guide*

PURPOSE: This proposed revised Department of Energy Guide focuses on improvements to current risk management guidance to address the deficiencies in the Department's contract and project management performance in applying the requirements of the Department of Energy (DOE) Order 413.3A, *Program and Project Management for the Acquisition of Capital Assets*, dated 7-28-07. The revised Guide will provide clarification and guidance for the consistent definition, development and use of contingency and management reserve in the planning and execution of DOE capital asset projects. In this regard, the revised Guide clarifies for the Federal project and contract personnel the distinction between elements of contract price for contract management and for project management.

JUSTIFICATION: The DOE, *Root Cause Analysis, Contract and Project Management,* dated April 2008, concluded (among ten other major findings) that risks associated with projects are not objectively identified, assessed, communicated, and managed through all phases of planning and execution. This has led to scope, cost, and schedule increases from the originally approved project baselines. A Corrective Action Plan (CAP) to this report was approved by the Secretary in July 2008, which addressed this shortcoming in one of eight corrective measures by planning for the development and implementation of consistent guidelines and methods for the assessment and management of project risks starting at front-end planning and continuing through project completion. This

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would include addressing the deficiencies in contract and project management performance. The proposed revised Guide implements this corrective measure.

The proposed Guide will also assist in fulfilling the Department's mission by supporting the infrastructure goal of Management Excellence in the DOE Strategic Plan. The Guide will also support the Departmental efforts to improve contract and project management and facilitate removal from the GAO High Risk List for Contract and Project Management. This is consistent with DOE leadership and Congressional direction.

To support the Department's goal to be out of the GAO High Risk List for Contract and Project Management by the end of this calendar year it is requested that the period for review and comment for processing directive actions be shortened to 30 days from the prescribed 45 days to accelerate publication of the approved revised Guide by September 2010, or earlier.

IMPACT: This proposed Guide does not duplicate existing laws, regulations or national standards and it does not create undue burden on the Department.

WRITER: Ruben Sanchez at (586-7581).

OPI/OPI CONTACT: Office of Engineering and Construction Management, Paul Bosco at (586-3524).

Concur: _____ Nonconcur: _____ Date: _____

Justification Memorandum (Continued)

Standard Schedule for Directives Development	Days
Draft Development (Writer)	60 (Draft is ready)
Process/Post (MA-90)	5
Review and Comment (Interested Parties)	45 (Reduction to 30 days requested)
Comment Resolution (Writer)	30
Process/Post (MA-90)	5
Concurrence (Writer)	15
Preparation Final Draft (Writer)	5
Total	**165**

NOTE: The attached first draft has been completed and should reduce the normal processing time for directives by 60 days. In addition, approval of the requested reduction of the review and comment period from 45 days to 30 days will further reduce the total standard processing time for directives from 165 days to 90 days.

Attachments