

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

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

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

17 MR. MALLORY: Okay.

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

24 BWXT Pantex is responsible for five core  
25 missions at Pantex: (1) We evaluate, retrofit, and

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1 repair weapons in support of both life extension  
2 programs and certification of weapon safety and  
3 reliability;

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

6 (3) Sanitize the components from those  
7 dismantled weapons;

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

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

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

18 BWXT Pantex assumed the operation of the  
19 Pantex facility in 2001. Prior to that time, as we  
20 developed our proposal, we expended significant effort  
21 deciding how the Pantex Plant should be operated to  
22 improve safety and quality. From those discussions,  
23 we developed a philosophy of quality and self-  
24 assessment that mirrors, in many ways, the NNSA's  
25 current approach to contractor assurance.

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1           We began by creating a quality  
2 organization at Pantex. For several years prior to  
3 our arrival, quality functions had been disbursed  
4 through several organizations. By implementing a  
5 strong quality organization and placing an experienced  
6 manager at the helm, we were quickly able to re-  
7 establish a focus on product quality utilizing  
8 objective data and measurement.

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

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

23           We also implemented several initiatives to  
24 improve self-assessments. We developed an Executive  
25 Issues Review Board where senior managers meet monthly

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1 to discuss and evaluate performance issues and  
2 significant performance data trends. We implemented  
3 a Business Health Indicator process that measures  
4 performance in a variety of areas and links it to  
5 successful achievement of improvement initiatives. We  
6 strengthened the self-assessment process by increasing  
7 the quality and quantity of management self-  
8 assessments and independent assessments. We've also  
9 improved the critique process and the issues  
10 management function. From the first day of our  
11 contract, our approach has been to proactively look  
12 for issues and resolve them before they become  
13 problems.

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

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

22 From an overall standpoint, contractor  
23 assurance activities occur in three major steps. The  
24 first step is collection of data, in which we gather  
25 assurance information through divisional assessments,

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1 metrics, independent audits and assessments, and  
2 management reports.

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

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

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

25 Operation of the BWXT Pantex Contractor

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

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

24 Finally, we annually revise the contractor  
25 assurance plan and coordinate any changes with the

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1 Site Office.

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

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

25 Our assessment activities are conducted

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1 independently and by the management of our functional  
2 organizations. Independent assessments and audits are  
3 performed by organizations separate from the process  
4 being examined, and management assessments are  
5 conducted by the organization responsible for the  
6 process.

7           The Independent Audit Group performs  
8 audits primarily driven by the DOE Office of Inspector  
9 General's Audit Manual. This guidance is incorporated  
10 into our own Plant Standard, which we call Standard  
11 0270, titled "Internal Audits." The Independent  
12 Assessment Group performs assessments drive by 10 CFR  
13 830.122 Subpart A [Quality Assurance], 10 CFR 835.102  
14 [Radiation Protection], DOE Order 414.1 [Quality  
15 Assurance], and QC-1 [DOE Nuclear Weapons QA  
16 Requirements].

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

24           The management assessment program, also  
25 driven primarily by 10 CFR 830.122 Subpart A and DOE

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1 Order 413.1 [Management Control Program], is  
2 incorporated into Plant Standard 0107.

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

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

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1 criteria.

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

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

18 BWXT Pantex is strengthening the existing  
19 management self-assessment process. Personnel  
20 performing management self-assessment will receive  
21 training from the Independent Assessment Group on the  
22 proper method of planning and performing assessments.  
23 This action to be completed by December 31, 2003.  
24 Additionally, representatives of the Independent  
25 Assessment Department will conduct an evaluation of

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1 completed management self-assessments. This will  
2 include an evaluation of the effectiveness and  
3 documentation of the assessment as compared to the  
4 scope and the area. The action is ongoing and is a  
5 key component of the BWXT Pantex Contractor Assurance  
6 System.

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

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

20 Another key component of the Contractor  
21 Assurance System is assuring that the lessons learned  
22 from our strengths, as well as weaknesses, are  
23 properly fed back to appropriate Plant personnel. As  
24 a result, the Plant lessons learned program is  
25 reviewed and improved. These changes will be completed

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1 by July 2004, and they will include full integration  
2 of the lessons learned process with a new corrective  
3 action system.

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

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

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

25 Both the Internal Audit Group and the

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

18 Over the past year Pantex has made a  
19 concentrated effort to improve all aspects of our  
20 issues management program. A detailed evaluation of  
21 the program was conducted in October and November of  
22 2002, and a root cause analysis was performed to  
23 determine the causes of the weaknesses that are  
24 identified. A robust corrective action plan was  
25 implemented and executed to improve the issues

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1 management and corrective action process. The  
2 weaknesses, analyses, and corrective action plan have  
3 been discussed in detail with the Site Office,  
4 Pantex's Defense Board Site Representative, and the  
5 Office of Price-Anderson Enforcement, EH-6.

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

16 This process is fully integrated with the  
17 assessment process in that all assessments are queried  
18 by internal procedure to have the stand form completed  
19 on each finding or grouping of similar findings. Root  
20 cause analysis is required to be performed within 15  
21 days. Subsequent determination of corrective action,  
22 based upon the identified causes, is required within  
23 seven days following completion of the causal  
24 analysis. The actions are then completed, and  
25 objective evidence of completion is required prior to

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1 an action being closed in the system. The  
2 documentation of findings, causal analyses, and  
3 objective evidence of corrective actions are scanned  
4 into the Plant's Action Management System for a  
5 complete electronic record.

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

21 While improvements have been made, we  
22 continue to strive for more consistent and effective  
23 performance of root causal analyses. I meet monthly  
24 with my management team to discuss in detail the  
25 occurrence reports and the Price-Anderson

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1 noncompliances of the previous month at the Executive  
2 Issues Review Board. The responsible division manager  
3 presents facts surrounding events and the results of  
4 the causal analysis. The Executive Issues Review  
5 Board and associated discussions have resulted in  
6 further improvement in our causal analysis.

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

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

23 As a contractor, I see the Contractor  
24 Assurance System initiative as an improvement in  
25 communication between the contractor and the NNSA.

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1 The process begins with the development of an annual  
2 plan, when the Site Office and BWXT Pantex meet to  
3 outline the approach for the coming year.  
4 Communication continues as the two parties reach  
5 agreement on activities to be assessed during the year  
6 and the level of risk these activities pose for the  
7 site. In addition, agreement is reached in each  
8 functional area on the frequency and form of assurance  
9 information that is to be provided by the Site Office.  
10 In every step of the Contractor Assurance process,  
11 from review of audit results to discussions about data  
12 trends, BWXT Pantex managers and their Site Office  
13 counterparts will communicate regularly.

14 I personally believe that self-assessment  
15 promotes better performance and is the reason our  
16 original proposal emphasized this concept. Contractor  
17 Assurance will drive BWXT Pantex to proactively plan  
18 assessments, measure corrective action effectiveness,  
19 and communicate the results internally and externally.  
20 One area where this is clearly illustrated is in our  
21 Business Health Indicator program. Performance is  
22 assessed at the operating level using business-wide  
23 metrics. As these metrics are rolled up, we see how  
24 they affect our strategic improvement initiatives.  
25 Employees throughout the organization can see how

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1 their personal performance impacts the entire Plant's  
2 performance.

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

23 One more significant benefit to BWXT  
24 Pantex is the fact that Contractor Assurance System  
25 lends itself to validation of data. Through

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1 independent assessments, audits, review of metric  
2 data, and trending information, our Quality and  
3 Performance Assurance Division can validate the  
4 accuracy and adequacy of the information received from  
5 the functional organizations. Evaluation of event-  
6 driven information against assessment results and  
7 metric data provides an indicator of where detection  
8 and prevention weaknesses may exist. Performance is  
9 also validated through external assessments performed  
10 by DOE or NNSA. We will also seek peer reviews of  
11 selected processes by companies performing similar  
12 activities at other DOE nuclear weapon complex sites.

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

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

25 CHAIRMAN CONWAY: Thank you.

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1 Dr. Eggenberger?

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

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

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

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

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

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1 was going to be evaluated, that's how that issue came  
2 on my screen.

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

6 MR. MALLORY: Yes, sir.

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

14 MR. MALLORY: Yes.

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

19 MR. MALLORY: I do see what you mean.

20 Right now from a nuclear safety standpoint  
21 with the work that's being done in 12-64, I've never  
22 heard anyone that had an issue that would cause it to  
23 be entered into an action tracking system. It  
24 certainly shows up from the standpoint of our future  
25 and how we're going to utilize that facility.

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1 VICE CHAIRMAN EGGENBERGER: You said it  
2 requires all identified deficiencies to be entered  
3 into the Plant's action management system. And that's  
4 a deficiency, a design deficiency because it wasn't  
5 designed right. And my point with him was that was  
6 not recognized by you collectively on a timely basis,  
7 because nothing was done for five years.

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

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

12 VICE CHAIRMAN EGGENBERGER: Okay.

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

15 The belief was that for approximately four  
16 years that the fire suppression systems in the bays  
17 themselves were adequate. And as you're aware, when  
18 one of the 12-44 cells was being upgraded, we elected  
19 to test that system. And the system found that there  
20 were rocks there that effected some of the sprinkler  
21 heads. And as you are also aware, it then absolutely  
22 became an issue, and BWXT Pantex, we took it upon  
23 ourselves that, as you're aware, we've tested every  
24 bay and every cell so that we now know that water will  
25 come out of every sprinkler head. And that was

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1 immediately entered into our Issues Management  
2 activity, and that's why we took those actions.

3 CHAIRMAN CONWAY: Dr. Mansfield?

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

9 MR. MALLORY: Yes.

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

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

25 MR. MALLORY: I believe you could be

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1 talking about two issues with the W56 [a nuclear  
2 weapon designation]. I'm not quite sure which one,  
3 but those are both ORPs [Occurrence Reporting  
4 Processing System] reportable.

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

7 MR. MALLORY: Right. I know you do.

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

10 MR. MALLORY: Yes.

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

15 MR. MALLORY: Within that time period.

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

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

23 MR. MALLORY: Typically, no. I'll get  
24 more specific. I'll talk generically. I don't know  
25 what Dan will want to do, but typically I wouldn't be

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1 involved in the approval of process changes.

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

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

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

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

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

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

20 And because I have -- it's been a lot of  
21 years ago, but for many years as a process engineer,  
22 I designed all my own tooling. I wanted to understand  
23 how this could happen. And the issue that Dan and I  
24 had, and also discussed it at great length with  
25 Pantex's Defense Board Site Rep, was how a group of

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1 people could use a piece of tooling that was not  
2 assembled properly and then not know that it wasn't.

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

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

19 I went down and I stood there and I  
20 watched them myself to make sure that they did that  
21 properly. And as a result of my involvement we  
22 stopped operations. We stopped operations a number of  
23 times in 2003 for safety issues. We went through all  
24 of the tooling in all the bays themselves, and we're  
25 finishing up the bays. We went through everything in

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1 the cells in a couple of days to verify that each  
2 piece of tooling was put together properly. We went  
3 through the entire tooling warehouse to make sure that  
4 every piece of tooling was put together properly.

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

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

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

20 One of the things that happened was in the  
21 mid-'90s to lower costs, because I talked to all the  
22 tooling people that were available, you know, that  
23 still work there. There was an effort to reduce  
24 costs, and there's nothing wrong with reducing cost.  
25 But the cost reduction was in the manufacture of the

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1 tooling, and they designed the tooling in a way where  
2 -- and this always gets you -- they didn't put any  
3 offsets in it. Everything is on a center line. It  
4 reduces the amount of setups that the tool and dye  
5 makers used. So they did reduce their costs. They  
6 weren't looking five years down the road when somebody  
7 put it together wrong.

8 So that's my involvement in that one, and  
9 it was significant.

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

19 My policy has been, and I put it in  
20 writing a couple of weeks ago, just as I review every  
21 safety incident from a personal safety issue, I will  
22 review with the management and the people that are  
23 involved in procedure adherence issues, I will  
24 personally be involved with them, and I will talk to  
25 them to find out if they know how to do their job, if

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1 they have the wherewithal and the support of their  
2 management to do their job, and if they intend to do  
3 their job properly and follow procedures.

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

12 DR. MANSFIELD: Excellent. Excellent.

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

24 MR. GLENN: Yes. And let me describe a  
25 little bit the way the Site Office gets involved in

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1 this kind of event.

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

4 DR. MANSFIELD: Yes.

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

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

19 My Site Office staff gets involved in both  
20 the critiques where I have my duty office always  
21 attends the critiques or one of the other federal  
22 personnel in the operations. In this case, my  
23 operations group would go to hear the issue to find  
24 out what impact or quality impact that could have  
25 made.

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1           In the Authorization Basis development  
2 part of our steps is when they look at those  
3 procedures is to determine if it's a skipped step or  
4 a reverse step; what consequences could they have.  
5 And so as procedures and processes are being defined,  
6 that's being looked at. So we have a level of  
7 confidence that kind of mistakes in the big area have  
8 been looked at. But now it's our obligation to go  
9 back and check the specifics.

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

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

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1 contractor is proposing on that.

2 So, that's pretty much the process.

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

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

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

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

22 DR. MANSFIELD: Okay.

23 MR. MALLORY: And I don't make judgments  
24 about whether it's a safety issue or not whether I get  
25 involved. If I'm there, we go to the critiques.

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1 DR. MANSFIELD: Okay. It's a question of  
2 procedure adherence?

3 MR. MALLORY: Yes, sir.

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

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

21 I'm not in the Navy, of course, but I see  
22 some Navy people out there. If somebody when you're  
23 doing an evolution like a dive in a submarine, there's  
24 obviously some steps that have to be done in the right  
25 order. If they're not done in the right order,

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1 obviously the commanding officer's got to find out  
2 about it. But for sure somebody further up the chain  
3 finds out about it also. The individual operators  
4 aren't free to fix every problem without people up the  
5 line knowing about it.

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

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

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

17 First of all, you know clearly the  
18 procedural adherence violation is significant no  
19 matter what the specific steps. And that's where we  
20 look at the contractor's action to just set the  
21 standard that procedural adherence is really  
22 necessary. Okay. There's the general, and then the  
23 specific of this. And the specifics we look at: does  
24 it create any immediate problems that the actions have  
25 just occurred? If there is, then we respond right

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1 way. If there isn't, then we allow the process to  
2 evolve it.

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

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

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

23 DR. MANSFIELD: So nobody at Headquarters  
24 is really expected to know the details of those  
25 procedures?

1 MR. GLENN: Correct.

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

6 Okay. Thank you.

7 CHAIRMAN CONWAY: Mr. Matthews?

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

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

22 MR. MALLORY: Yes. "Management By Walking  
23 Around?"

24 DR. MATTHEWS: Right.

25 MR. MALLORY: Yes. At least every other

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1 week I go for at least two hours out on the floor in  
2 an unannounced way where I just drop in in the bays  
3 themselves, talk to the people, see how things are  
4 going. The people that actually get on system and  
5 check my schedule for the day, they kind of know when  
6 I might be coming but they don't know where.

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

12 There is no formal requirement to do  
13 Management By Walking Around. I have worked places  
14 before where there were expectations set, and they  
15 became minimum expectations, not maximum. My  
16 expectation is that people will be involved in the  
17 support of the manufacturing organization, and I've  
18 made it very clear that if it was not for the  
19 manufacturing organization at Pantex, they would not  
20 need any of the rest of us. We're only there to  
21 support manufacturing. And I believe that there is a  
22 significant amount of attention to our manufacturing  
23 organization. And that our engineering organization -  
24 - and I am an engineer. I spent five years earning  
25 the right to criticize engineers. I have a bias that

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1 those engineering organizations will lose the  
2 arrogance they're sometimes accused of having. They  
3 will acknowledge that they work for the manufacturing  
4 organization, and they will respond to any need that's  
5 necessary.

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

9 DR. MATTHEWS: That sounds like you're  
10 setting a good example. I like that.

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

15 MR. MALLORY: Yes.

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

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

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

24 MR. MALLORY: Yes. I talked in my  
25 testimony about two groups. Our Internal Audit

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1 Group, and our Independent Assessment Group.

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

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

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

16 MR. MALLORY: Okay.

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

19 MR. MALLORY: Yes. Yes.

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

22 MR. MALLORY: No, no. The other group is  
23 our Quality Assurance Product Division and they do  
24 independent reviews also. And when I say  
25 "independent," independent of that functional

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1 organization. Manufacturing does its own self-  
2 assessments, but there are other groups in BWXT Pantex  
3 that are looking at them also.

4 DR. MATTHEWS: Okay. Thank you.

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

10 Thank you.

11 MR. GLENN: Thank you.

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

15 MR. BRUMLEY: Thank you, sir.

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

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

21 MR. BRUMLEY: Thank you.

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

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