

Approved: 05-18-2011

Contractor Human Resources (CHR) Policy and Approval of Actions Process



**NATIONAL NUCLEAR SECURITY ADMINISTRATION
Office of Acquisition and Project Management**

NNSA Contractor Human Resources (CHR) Policy and Approval of Actions Process

1. PURPOSE.

- a. Provide business and operating guidance relative to oversight and administration of contractor human resources (CHR) activities. Consistent with the NNSA Functional Matrix, Headquarters NNSA through the Senior Procurement Executive (SPE), issues guidance to facilitate consistent CHR administration and oversight by NNSA Site Offices and for the effective/efficient support of CHR activities by the NNSA Service Center. This policy supplements other DOE policy related to CHR. The CHR areas covered by this policy include, but are not limited to the following:
 - Labor Relations
 - Labor Standards
 - Contractor Workforce Restructuring – Reductions and Increases in Contractor Employment
 - Compensation, including Variable Pay, Executive Compensation and Incentive Programs
 - Employee Benefit
 - Retiree Benefits/Pensions
 - Critical Skills
 - Severance
 - Workforce Planning
 - Insurance and Risk Management
 - Formation of CHR Provisions in M&O Contracts
 - HQ Assignments
 - Review Contractors' Equal Employment Opportunity Plans
- b. Ensure compliance with laws, Executive orders, regulations, policy issuances and procedures, and sound business practices;
- c. Provide appropriate checks and balances, and reasonable assurances against fraud, waste, and abuse;
- d. Facilitate the exercise of sound business judgment;
- e. Drive down decision-making by using risk based coordination and approvals; and,
- f. Promote expeditious completion of CHR actions consistent with quality and regulatory requirements.

2. CANCELLATION. None.

3. APPLICABILITY.

- a. NNSA Personnel. Except for the exclusion in paragraph 3.b., this Business Operating Process (BOP) applies to all NNSA personnel that administer, oversee, or support the oversight of NNSA management and operating (M&O) contracts or other contracts in which the DOE/NNSA is the only reimbursement source for contractor employee benefits. For the purpose of this BOP, the term “CHR actions” includes procurement and CHR related actions detailed in the Attachment, NNSA Approval of Contractor Human Resources Actions Table.
- b. Exemptions. This BOP does not apply to the Naval Reactors Program in accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 USC sections 2406, 2511 and to ensure consistency throughout the joint Navy/DOE Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this supplemental directive for activities under the Director's cognizance, as deemed appropriate.

4. REQUIREMENTS.

- a. All organizational elements within NNSA, responsible for contract and CHR actions, must comply with the Attachment unless otherwise exempt under Paragraph 3.b.
- b. Contract actions and notifications to contractors shall not be executed until the appropriate approvals in this Policy Letter have been accomplished. A record of Reviews and Approvals shall be included with every action and maintained in the official contract file.

5. RESPONSIBILITIES.

- a. Deputy Director, Acquisition Management (NA-APM-10) will:
 - (1) Establish policy for approval of contract and CHR actions within NNSA.
 - (2) Facilitate consistent oversight and administration of contractor human resources activities throughout the National Security Enterprise.
 - (3) Approve contract and CHR actions identified for HQ approval in the Attachment, or waive approval.
- b. Business Services Division, Contractor Human Resources Section (CHRS) will:
 - (1) Implement this BOP at field locations in accordance with the NNSA functional

matrix.

- (2) Provide effective, professional, technical advice and assistance to NNSA Headquarters and Site Offices in support of this policy, and oversight and administration of NNSA CHR activities.

c. Site Office Managers/Deputy Site Managers/Business Managers will:

- (1) Implement this BOP for contract and CHR actions under their cognizance.
- (2) Submit requests for deviations from this policy to NA-APM-10 through CHRS.

d. NNSA Office of the General Counsel will coordinate all legal input, to ensure a comprehensive set of advisory comments.

e. NNSA Deputy Administrators and Associate Administrators for Headquarters' Program Offices will coordinate all programmatic input to ensure a comprehensive set of advisory comments.

f. Contracting Officers will:

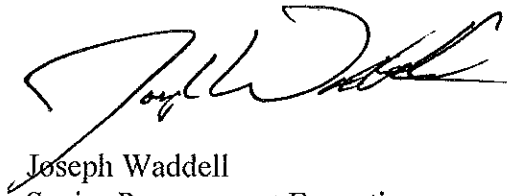
- (1) Ensure that contract and CHR actions are reviewed, coordinated, and approved in accordance with this BOP.
- (2) Communicate with NNSA contractors decisions regarding CHR activities.
- (3) Memorialize CHR decisions through contract modifications or other Contracting Officer signed documents as appropriate.

6. REFERENCES.

- a. DOE Order 311.1B, Equal Opportunity and Diversity Program
- b. DOE Order 350.1, Contractor Human Resources Management Programs
- c. DOE Order 350.2B, Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, D.C., Area
- d. Secretary of Energy Memorandum, Authorize Changes to Workforce Restructuring Policy, dated May 5, 2011.

7. CONTACT. Deputy Director, Acquisition Management (NA-APM-10), at 202-586-7439 and Manager, Business Services Division, Contractor Human Resources Section, at (505) 845-4222.

BY ORDER OF THE ADMINISTRATOR:



Joseph Waddell
Senior Procurement Executive
National Nuclear Security Administration

Attachment:
Approval of Contract Actions Table

<u>ACTION CODES:</u> A - Approval R - Review & Comment C - Concurrence SME – Responsible party S - Signature N – Notification (1) Numbers beside the letters (e.g., C1, A2) reflect order in which to accomplish actions. Numbers within parenthesis, e.g. (1) indicate notes which are located at the end of the table.	NNSA General Counsel (2)	Site Office Managers, or designee not lower than Site Business Mgr.	Contracting Officer	Manager, Contractor Human Resources Section	Hqtrs Head of Contracting Activity – NA-APM	Senior Procurement Executive	Administrator	Secretary of Energy	NNSA External Affairs	Program Office, Deputy or Assoc. Administrator
EMPLOYMENT (5)										
a. General Workforce Restructuring Plan	C5	SME		C2	C3	C4	C7	A8	N9	C6
b. Voluntary Separations – Workforce Restructuring Plan	C4	C2	C2	SME	C3	N6	A7 (6)	N7	N7	C5
c. Involuntary Separations < 100 employees	N2	N1	SME	N1	N2				N2	N2
d. Involuntary Separations \geq 100 < 200 employees	C2	A3	S5	SME	C2	N4	N4 (6)		N4	N4
e. Involuntary Separations \geq 200 < 500 employees	C3	C1	C1	SME	A5	N4	N4 (6)		N4	C2
f. Involuntary Separations \geq 200 < 500 employees	C3	C1	C1	SME	C4	N5	A7 (6)	N5	N5	C2
g. Use of Enhanced Benefits (Relief from Section 303 of the FY2005 Consolidated Appropriations Act funding restrictions.	C3	C1	C1	SME	C2	N7	C5 (6)	A6	N7	C2
h. Use of "lump sum" payment incentives	C3	C1	C1	SME	C2	N7	C5 (6)	A6	N7	C2
IV. COMPENSATION										
a. Initial Compensation program design			S/A2	SME	N3					
b. Annual Compensation Increase Packages		C2	S/A5	SME	C3	N3				C4 (7)
c. Individual compensation of executives – within 6/10% parameters		A2	S3	SME	N4					
d. Individual compensation of executives – outside 6/10%		C2	S4	SME	A3					

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parameters										
e. Incentive Plan		A3	S4	SME	C2					
e. Annual Overtime Control Plan			SME / A3	C2						
f. Changes to the compensation program design		A3	S4	SME/C2						
V. BENEFITS										
a. Contractor Benefit Plans (initial and revisions)	R2	A5	S6	SME	C3	N4				N3
b. Contractor Benefit Plans (to include revisions) which establish precedence or increase long-term liabilities	R2	C3	S5	SME	A4	N4				N3
c. Ben/Val – Comparator Companies			A/S3	SME	N2					
d. Corrective Action Plans		C2	S5	SME	A3	N4				N3
e. Determination to allow reimbursement above the 105% (8)		C2	S7	SME	A5	N6				R4
f. Adoption of corporate benefit programs	R3	C2	S6	SME	C4	A5				
g. Approval of contractor's methodology for evaluating welfare benefits programs		C2	S/A4	SME	N3					
h. Initial proposals for self-insurance			S/A2	SME	N3					
i. Workers compensation settlement claims	N3 (9)		S/A2	SME						
j. Contract insurance and other benefits program clauses	R2		A5	SME	C3	N4				

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k. Severance Plans and contractor specified notification & payment in-lieu-of notification	C3	C2	S6	SME	A5					N4
VI CONTRACTOR PENSION PLANS (6)										
a. Changes in contractor pension plans	C3	C2	S5	SME	A4					
b. Reimbursement of contractor pension plan costs		C2	S/A7	SME	C3	C4 (10)	C6 (10)			C5 (10)
c. Final settlement of assets and liabilities	C3	C2	S7	SME	A5	N6	N6			N4
d. Settlements when plans are modified or terminated, fully or partially	C3	C2	S9	SME	A8	N4	N6		N7	N5
e. Contract provisions regarding pension plans	C3		C2/S6	SME	A4	N5				
f. Consign assets when contractors are replaced, portion of existing plan is spun off, or plan terminates fully or partially	C2	N4	S5	SME	A3	N4				
g. Contract treatment of separate and commingled pension plans where DOE/NNSA has continued long-term involvement	C3	C2	S6	SME	A4	N5				
VII. RISK MANAGEMENT & LIABILITY PROGRAMS										
a. Contractor liability insurance programs	R2		S/A3	SME						
VIII. CONTRACTOR WORKPLACE SUBSTANCE			SME /S/	C2						

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ABUSE PROGRAMS			A3							
IX. EMPLOYEE ASSISTANCE PROGRAMS			SME A3	C2						
X. MISCELLANEOUS										
a. Identification of critical skills		A3	S4	SME	N5					C2
XI. M&O Contractor ASSIGNMENTS Outside Site										
a. Approve Hqtrs Assignment (11)	R2		S3							SME (12) A4
b. Approve IPA Assignments (11)	R5	C3	SME A6	C2						C4
XII. EEO										
a. Review AA and Diversity Plans			S/A2	SME						

2.

- (1) Notifications to Headquarters components will be accomplished by NA-APM. Notifications to Site Office components and Contractors will be accomplished by CHRS in conjunction with the Site Contracting Officer.
- (2) In the event substantive changes are made, after NNSA GC has reviewed a document, the document must be rerouted through GC for additional review prior to final approval.
- (3) The HCA and SPE shall be notified regarding significant labor relations developments at any time.
- (4) If controversial issues arise, particularly those that involve security, potential work stoppage, and significant increase in programmatic resources (beyond those expected due to inflation) the affected Program Offices shall be engaged in the process of determining final allowable costs under the contract.
- (5) The number of separations is evaluated based on a rolling 12-month period.
- (6) The Administrator has delegated authority to the Principal Deputy Administrator.
- (7) A briefing will be provided to Defense Programs on all Site requests by CHRS for concurrence.
- (8) Determinations for approval to reimburse benefits greater than 105% will be accomplished in accordance

with Ben/Val analysis and approved corrective action plans.

(9) NNSA GC at the Site Office will be notified of Workers Compensation Settlement Claims.

(10) Reimbursement of Defined Benefit contributions beyond the minimum required by ERISA must be approved by the Administrator or his designee. NA-APM will provide the Administrator a total picture of expected reimbursements for the NNSA each year regardless of whether permission is required or not.

(11) Assignments beyond three years require the approval of the Principal Deputy Administrator. Temporary Quarters subsistence expenses beyond 60 days of the initial assignment start date require approval by the Principal Deputy Administrator.

(12) The customer organization (Program Office) will define the task assignment, perform the business analysis and after review will get the concurrence of the Program Office Deputy or Associate Administrator.