

## **Corporate Context for Corporate Management (CM)**

*This section on Corporate Context that is included for the first time in the Department's budget is provided to facilitate the integration of the FY 2003 budget and performance measures. The Department's Strategic Plan published in September 2000 is no longer relevant since it does not reflect the priorities laid out in President Bush's Management Agenda, the 2001 National Energy Policy, OMB's R&D project investment criteria or the new policies that will be developed to address an ever evolving and challenging terrorism threat. The Department has initiated the development of a new Strategic Plan due for publication in September 2002, however that process is just beginning. To maintain continuity of our approach that links program strategic performance goals and annual targets to higher level Departmental goals and Strategic Objectives, the Department has developed a revised set of Strategic Objectives in the structure of the September 2000 Strategic Plan.*

The Department manages an extensive array of energy-related programs over a nationwide complex including headquarters organizations, operations offices, field offices, national laboratories, power marketing administrations, special purpose offices, and sites now dedicated to environmental cleanup. The Department needs strong corporate management in order to integrate its diverse portfolio of program missions, its facilities, and its contractors spread over a large geographic base.

### **Corporate Management (CM) Goal**

**Demonstrate excellence in the management of the Department's human, financial, physical and information assets. Successfully implement each of DOE's requirements in the President's Management Agenda; demonstrate measured progress in resolving DOE's management challenges; and resolve all management recommendations from DOE's IG and GAO within three years of issuance.**

### **Strategic Objectives**

- CM1:** Achieve effective and efficient management of the Department of Energy by implementing the President's Management Agenda initiatives on Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration. (MBE, ED)
- CM2:** Advocate and implement E-government citizen service delivery office in FY 2003. (CIO)
- CM3:** Ensure secure, efficient, effective and economical operations of the Department's Information Technology Systems and Infrastructure. (CIO)

- CM4:** Provide analysis of domestic and international energy policy, develop implementation strategies, ensure policies are consistent across DOE and within the Administration, communicate analyses and priorities to the Congress, public, industry, foreign governments, and domestic and international organizations, and enhance the export and deployment of energy technologies internationally. (PI)
- CM5:** Reduce adverse security incidents, worker injuries, and environmental releases through policy development, counterintelligence, intelligence, and oversight of the Nation's energy infrastructure, nuclear weapons, materials, facilities and information assets.  
(SO, CN, IN, OA)
- CM6:** Operate a robust review program and provide timely performance information and recommendations to facilitate: (1) implementation of the President's Management Agenda; (2) resolution of Management Challenges; (3) execution of the Secretary's priorities; (4) completion of statutory Inspector General mandates; (5) recovery of monies and opportunities for savings; and (6) the integrity of the Federal and contractor workforce. (IG)

## Budget Summary Table

(dollars in thousands)

|                                                      | FY 2001<br>Comparable<br>Appropriation | FY 2002<br>Comparable<br>Appropriation | FY 2003<br>Request |
|------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------|
| Office of the Secretary                              | \$5,081                                | \$4,784                                | \$4,731            |
| Energy Security                                      | 3,244                                  | 3,269                                  | 27,686             |
| Management, Budget and Evaluation/CFO (CM1)          | 116,815                                | 109,310                                | 110,841            |
| Board of Contract Appeals                            | 917                                    | 953                                    | 785                |
| Hearing and Appeals                                  | 5,533                                  | 5,381                                  | 4,753              |
| Congressional & Intergovernmental Affairs            | 5,275                                  | 4,777                                  | 5,224              |
| Economic Impact and Diversity (CM1)                  | 6,916                                  | 6,269                                  | 6,821              |
| General Counsel                                      | 23,894                                 | 23,775                                 | 23,964             |
| Policy and International Affairs (CM4)               | 17,237                                 | 16,176                                 | 21,619             |
| Public affairs                                       | 4,244                                  | 4,057                                  | 4,685              |
| Inspector General (CM6)                              | 33,556                                 | 33,856                                 | 38,872             |
| Intelligence (CM5)                                   | 36,154                                 | 40,618                                 | 41,559             |
| Counterintelligence (CM5)                            | 45,079                                 | 45,514                                 | 39,383             |
| Security (CM5)                                       | 165,357                                | 173,977                                | 186,506            |
| Independent Oversight and Performance Assurance (OA) | 22,275                                 | 22,228                                 | 22,615             |
| Chief Information Officer (CIO)                      | 73,978                                 | 75,444                                 | 84,160             |
| <b>Subtotal Corporate Management</b>                 | <b>565,555</b>                         | <b>570,388</b>                         | <b>624,204</b>     |
| Cost of Work for Others                              | 66,027                                 | 65,499                                 | 69,916             |
| Miscellaneous Revenues                               | -107,103                               | -137,810                               | -137,524           |
| <b>Total, CM</b>                                     | <b>524,479</b>                         | <b>498,077</b>                         | <b>556,596</b>     |

# Office of Independent Oversight and Performance Assurance

## Executive Summary

### Mission

The Office of Independent Oversight and Performance Assurance (OA) is the Department's exclusive focal point for independent evaluations of nuclear safeguards and security, environment, safety, and health, cyber security, and emergency management. The office has the expertise and skilled personnel needed to efficiently provide the Department's line management programs with the tools and independent program assessments required to preserve and effectively protect critical national security interests at Department of Energy (DOE) and National Nuclear Security Administration (NNSA) sites.

The Office provides information needed to ensure that the Secretary of Energy, the NNSA Administrator, and the Congress have an accurate, comprehensive understanding of the effectiveness, vulnerabilities, and trends of the Department's safeguards and security, environment, safety, and health, cyber security, emergency management, and policies and programs. The Office provides this information by conducting safeguards and security evaluations, environment, safety, and health evaluations, cyber security reviews, and emergency management reviews.

OA is funded in the Other Defense Activities appropriation. The Other Defense Activities program includes: safeguards and security evaluations, environment, safety, and health evaluations, cyber security, special reviews, emergency management oversight, and program direction.

### Strategic Objective

**CM5:** Reduce adverse security incidents, worker injuries, and environmental releases through policy development, counterintelligence, intelligence, and oversight of the Nation's energy infrastructure, nuclear weapons, materials, facilities, and information assets.

This strategic objective is supported by the Program Strategic Performance Goal that follows:

**CM5-4:** Provide inspections and reviews that contribute to improved environmental protection, enhanced safety and health of DOE employees, contractors, and the public, as well as enhanced safeguards and security of assets throughout the DOE complex, by identifying and reducing vulnerabilities from environment, safety and health risks, and threats to national security interests.

### Strategy

Ensure that the Department's policies for safeguarding the Nation's energy infrastructure, nuclear weapons, materials, facilities, information assets, and protection of environment, safety, and health are being effectively implemented at all levels.

To accomplish this objective, OA conducts independent oversight evaluations that provide a comprehensive status of the effectiveness of nuclear safeguards and security, environment, safety, and health, cyber security, and emergency management programs at DOE and NNSA facilities. These evaluations provide the Secretary of Energy and the NNSA Administrator an independent view of the status of these programs throughout the complex.

OA provides a standard corporate independent oversight process to assess the effectiveness of these programs throughout DOE and NNSA. The Office conducts the independent oversight mission in an open, trustworthy, and responsive manner. To accomplish this goal, OA's objectives are: (1) establish and implement programs that strengthen trust and confidence in safeguards and security, environment, safety, and health, cyber security, and emergency management programs and (2) promote continuous improvement to ensure national security assets are adequately protected.

To effectively carry out its mission, the Office requires a staff with the expertise and skill necessary to provide information needed to protect and preserve national security interests at DOE sites. An OA staffing plan has identified the most critical functions and has closely matched personnel to fit those needs. The Federal staff will remain constant at 66 full-time equivalents in FY 2002. OA has also analyzed how it utilizes support contractors and has established specific criteria for their limited use.

While OA has some unique national-level experts, technical contractual services continue to be more practical and cost-effective, providing a surge pool of technical expertise on an as-needed basis. The evolving needs for national-level expertise in a multitude of security disciplines can best be met through the use of contractors who can rapidly respond to the continually changing skills mix required of OA activities across DOE.

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Glenn S. Podonsky  
Director  
Office of Independent Oversight and Performance Assurance

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Date

# Office of Independent Oversight and Performance Assurance

## Program Mission

The Office of Independent Oversight and Performance Assurance (OA) is a corporate resource that performs independent oversight to verify that Department of Energy (DOE) security interests are protected, that DOE can respond to emergencies, and that workers, the public, and the environment are protected from hazardous materials used at DOE sites. The highest priority of all independent oversight activities is sustained excellence and continuous improvement in the protection of departmental critical assets.

Oversight activities provide the Secretary of Energy, the Administrator of the National Nuclear Security Administration (NNSA), and the Congress with an independent and unfiltered view of the status of nuclear safeguards and security, environment, safety, and health, cyber security, and emergency management policies and programs within the DOE and the NNSA. These activities include safeguards and security evaluations; performance testing; environment, safety, and health evaluations; cyber security reviews; emergency management reviews; and follow-up reviews. The Office also conducts other activities that the Secretary of Energy or the NNSA Administrator may direct.

## Program Strategic Performance Goal

**CM5-4:** Provide inspections and reviews that contribute to improved environmental protection, enhanced safety and health of DOE employees, contractors, and the public, as well as enhanced safeguards and security of assets throughout the DOE complex, by identifying and reducing vulnerabilities from environment, safety, and health risks, and threats to national security interests.

## Performance Indicators

- Serve as a catalyst for improvement in security performance as evidenced by:
  - a reduction in security violations and infractions
  - a reduction in open and overdue corrective actions for security findings
  - an increase in the number of current and approved Site Safeguards and Security Plans
- Serve as a catalyst for improvement in cyber security performance as evidenced by:
  - a reduction in the percentage of cyber attacks on DOE classified and unclassified information technology systems that lead to a breach in security (e.g., systems compromised by unauthorized individuals)
  - a reduction in the number of DOE lost system days for classified and unclassified information technology systems due to cyber attack

- Serve as a catalyst for improvement in emergency management performance as evidenced by:
  - improvements in the percentage of trained and qualified emergency response personnel
  - the percentage of DOE sites that address biological etiologic agents in emergency plans
- Serve as a catalyst for improvement in safety management as evidenced by improvements in the Integrated Safety Management performance measures and leading indicators of safety performance based on the core functions of safety management.
- Serve as a catalyst for improvement in management systems as evidenced by improvements in the timeliness of corrective actions and decreases in the percentage of overdue corrective actions.

### **Performance Standards**

**Blue:** Significantly exceed schedule - additional reviews above the planned schedule.

**Green:** Meet all planned targets/milestones - conducted all reviews as scheduled during the fiscal year in a quality, cost efficient manner.

**Yellow:** Meet all critical targets/milestones - met all critical (activities that impact national security and the continuity of Departmental operations) reviews, lower priority reviews deferred.

**Red:** Below expectation - critical reviews were not completed as planned and the quality was insufficient to meet management's needs.

## Annual Performance Results and Targets

| FY 2001 Results                                                                                                                                                                                                                                                                                                                                                                                                               | FY 2002 Targets*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | FY 2003 Targets                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>· <i>Conduct safeguards and security evaluations at 20 major sites per year to provide an independent assessment of the status of safeguards and security programs for the Secretary and to establish a baseline of findings in a database designed to track and measure improvement in these areas at sites throughout the Department. (NS 6-3)</i></li> </ul> <p><b>Met Goal</b></p> | <ul style="list-style-type: none"> <li>· <i>Conduct 8 safeguards and security evaluations and report the baseline of findings in a database designed to track and measure improvement in these areas at sites throughout the Department. (CM 5-4)</i></li> <li>· <i>Expand the program to include the Department's integrated safeguards and security management initiative. Conduct 12 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> | <ul style="list-style-type: none"> <li>· <i>Conduct 8 safeguards and security evaluations and report the baseline of findings in a database designed to track and measure improvement in these areas at sites throughout the Department. Conduct evaluations of the Department's integrated safeguards and security management initiative. Conduct 12 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> |
|                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>· <i>Conduct 8 environment, safety and health evaluations at Departmental sites and establish a baseline of findings. Conduct 7 limited scope and/or follow-up reviews. Conduct focus reviews on integrated safety management and implementation of DOE systems to protect workers, the public, and environment. (CM5-4)</i></li> </ul>                                                                                                                             | <ul style="list-style-type: none"> <li>· <i>Conduct 8 environment, safety, and health evaluations at Departmental sites and report the baseline of findings. Conduct 7 limited scope and/or follow-up reviews. Conduct focus reviews on integrated safety management and implementation of DOE systems to protect workers, the public, and the environment. (CM 5-4)</i></li> </ul>                                                                                      |

\* Results and targets for FY2002 have been revised to reflect Departmental guidance to more precisely define our programmatic activities.



| FY 2001 Results                                                                                                                                                                                                                                                                                                                                                                                                                  | FY 2002 Targets*                                                                                                                                                                                                                               | FY 2003 Targets                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>· <i>Provided for the dedicated oversight of emergency management issues at Department Headquarters and 15 major Departmental sites. This function focuses solely on the effectiveness of the Department's emergency management programs and establishes a performance baseline of the status of these programs throughout the Department. (NS 6-3)</i></li> </ul> <p><b>Met Goal</b></p> | <ul style="list-style-type: none"> <li>· <i>Conduct 9 dedicated oversight reviews of emergency management issues. Conduct 6 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> | <ul style="list-style-type: none"> <li>· <i>Conduct 9 dedicated oversight reviews of emergency management issues. Conduct 6 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> |

\* Results and targets for FY2002 have been revised to reflect Departmental guidance to more precisely define our programmatic activities.

| FY 2001 Results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | FY 2002 Targets*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | FY 2003 Targets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>· <i>Performed continuous cyber security inspections and no-notice reviews at 14 major Departmental sites per year to improve oversight of cyber security and establish a baseline of issues through a new function dedicated solely to cyber security reviews, offsite monitoring of Internet security, and controlled attempts to penetrate security firewalls. This new function represents a substantial increase over previous efforts to evaluate cyber security within the Department. (NS 6-3)</i></li> </ul> <p><b>Met Goal</b></p> <ul style="list-style-type: none"> <li>· <i>Conducted 3 special complex-wide reviews of topics such as Fire Safety initiatives, Albuquerque Diversity review, and National Emergency Response Assets to determine their effectiveness across the complex. Findings and issues associated with these programs will be maintained in a database to track corrective actions and assist in measuring improvement in these critical areas throughout the Department. (NS 6-3)</i></li> </ul> <p><b>Met Goal</b></p> | <ul style="list-style-type: none"> <li>· <i>Perform 8 cyber security inspections per year. Expand testing to include additional threats to networks and computer systems. Conduct 6 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> <ul style="list-style-type: none"> <li>· <i>Establish a program to evaluate the performance of DOE sites in safeguards and security, environment, safety, and health, cyber security, and emergency management. Conduct special complex-wide reviews of topics as directed by senior DOE management. (CM 5-4) **</i></li> </ul> | <ul style="list-style-type: none"> <li>· <i>Perform 8 cyber security inspections per year. These inspections results are measures against the baseline of issues to determine the improvement of cyber security, offsite monitoring of Internet security, and controlled attempts to penetrate security firewalls. Conduct testing to include additional threats and hacker techniques as they emerge. Conduct 6 limited scope and/or follow-up reviews to evaluate specific topics and corrective actions. (CM 5-4)</i></li> </ul> <ul style="list-style-type: none"> <li>· <i>Conduct evaluations of the performance of DOE sites in safeguards and security, environment, safety, and health, cyber security, and emergency management. Conduct special complex-wide reviews of topics as directed by senior DOE management. (CM 5-4)</i></li> </ul> |

\* Results and targets for FY2002 have been revised to reflect Departmental guidance to more precisely define our programmatic activities.

\*\* This activity was added to further define and refine special studies as delineated by senior DOE management.

## **Specific Program Performance Goals**

In addition to the Program Strategic Performance Goals, the following specific program goals are also supported within the budget request:

- Conduct consistent, multi-disciplinary, credible processes for independently evaluating the effectiveness of safeguards and security, environment, safety, and health programs.
- Promote actions that prevent recurrence of national security problems.
- Ensure initiatives relative to safeguards and security, environment, safety, and health, cyber security, and emergency management operations throughout the complex are analyzed and disseminated as appropriate.
- Ensure that follow-up and corrective actions for safeguards and security, environment, safety, and health, cyber security, and emergency management oversight activities are effective.

## **Significant Accomplishments and Program Shifts**

OA is a direct report to the Secretary and Deputy Secretary of Energy. As such, the Office provides the Secretary, the Deputy Secretary, the NNSA Administrator, and senior Departmental managers with an independent assessment of the effectiveness of DOE policy and site performance in the areas of nuclear safeguards and security, environment, safety, and health, cyber security, emergency management, and other critical functions. The Office focuses on all aspects of safeguards and security, including physical protection of special nuclear material, accountability of special nuclear material, protection of classified and sensitive information, personnel security, protective forces, and foreign visits and assignments. The Office also evaluates environment, safety, and health program implementation and operations, including evaluations of integrated safety management and selected environment, safety, and health topics such as radiation protection and industrial safety. Further, the Office evaluates the effectiveness of classified and unclassified cyber security policies and programs, including network protection, risk management, technical implementation, and configuration management. The Office establishes and maintains a program for assessing Internet security to include offsite scanning and controlled penetration attempts to detect vulnerabilities that could be exploited by hackers. The Office also provides independent oversight of all aspects of emergency management programs, including hazards assessment, protective actions, emergency response, emergency public information, and offsite interfaces. To avoid duplication of effort, the Office is the exclusive focal point for the Secretary of Energy's oversight of safeguards and security, environment, safety, and health, cyber security, and emergency management.

## **Safeguards and Security Evaluations**

- Conduct an ongoing program of safeguards and security evaluations (8 scheduled and 12 focused and/or follow-up reviews per annum) of major sites each year, which determines the effectiveness of the protection of nuclear weapons components, special nuclear material, and classified and sensitive information. Continue to revise and refine evaluation methods and procedures that focus on the principal elements of the safeguards and security program. This includes the dissemination of useful tools to increase the effectiveness of field programs. Safeguards and security evaluations are being conducted at Lawrence Livermore National Laboratory, Pantex, Rocky Flats, the Office of Transportation Safeguards, Bonneville Power Administration, the DOE Headquarters, Los Alamos National Laboratory, the Kansas City Plant, Y-12

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follow-up, and other selected sites (FY2002). This activity includes tests using weapons simulation systems to perform realistic tactical security engagements between an oversight adversary force and the inspected site protection force to assess overall security performance effectiveness. This activity also includes the dissemination of useful tools to increase the effectiveness of the oversight program. This program infrastructure provides policies, procedures, handbooks, and tools for an effective independent oversight program. The performance measure associated with this activity is to conduct safeguards and security evaluations (8 scheduled and 12 focused and/or follow-up reviews) to provide an independent assessment of the status of safeguards and security programs for the Secretary of Energy. The oversight process has been streamlined through efficiencies of operations. (FY01: \$6,057; FY02: \$5,857; FY03: \$6,287)

### **Special Analysis**

- Safeguards and Security Evaluations will also perform special reviews and studies of policies, programs, and their implementation in the field to identify needed program corrections. Methods to evaluate integrated safeguards and security management will be developed. The performance measure associated with this activity is to develop methods and conduct special complex-wide reviews of selected safeguards and security topics, including integrated safeguards and security management, to determine their effectiveness across the complex. (FY01: \$600; FY02: \$600; FY03: \$600)

### **Environment, Safety, and Health Evaluations**

- Conduct project and program evaluations (eight scheduled and seven follow-up and/or limited scope reviews per annum) that focus on integrated safety management implementation and the effectiveness of environment, safety, and health programs such as radiation protection, criticality safety, industrial hygiene, and occupational medicine. Environment, safety, and health evaluations during 2002 will include Los Alamos National Laboratory, the Nevada Test Site, Lawrence Livermore National Laboratory, Sandia National Laboratories, Pantex, and other selected sites. As part of these reviews, OA will evaluate environmental compliance in accordance with Executive Orders and applicable regulations. The independent oversight of these programs ensures the protection of workers, the public, and the environment. As part of the review of integrated safety management, OA reviews management systems such as self-assessments, lessons learned, deficiency tracking, root cause analysis, and reporting of compliance deficiencies and events. Promote improvement in these management systems to reduce recurrences of events and accidents. These evaluations provide a significant benefit to the Department by improving safety and assuring more efficient use of Department resources.(FY01: \$4,000; FY02: \$4,000; FY03: \$4,000)

### **Cyber Security and Special Reviews**

- The program of continuous inspections and no-notice reviews of DOE computer systems, to include offsite scanning and controlled penetration attempts, will be sustained to detect vulnerabilities that could be exploited by hackers and to ensure that line management corrects these vulnerabilities. Follow-up reviews will be conducted to ensure corrective actions remain effective. Cyber security inspections are being conducted at the Bonneville Power Administration, Lawrence Livermore National Laboratory, the Y-12 Plant, and other selected sites. Cyber security external and internal network assessments are being conducted at the Albuquerque Operations Office and other selected sites. The performance measure associated with this activity is to perform cyber security inspections, offsite monitoring of Internet security, and penetration tests at 14 major Departmental sites. Performance testing is conducted at the DOE site

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being assessed or from OA's remote vulnerability testing laboratory connected to the Internet. The focus of performance testing includes identification of network vulnerabilities that could be exploited; evaluation of the effectiveness of firewalls; evaluation of intrusion detection and system monitoring capabilities; and evaluation of other aspects of network security. In order to accomplish this focus, the following is required: a cyber security laboratory that can be used to conduct penetration testing and deployable cyber security testing equipment that can be used to support onsite performance testing associated with OA's assessments of DOE networks. It is essential to have the necessary computer hardware and software for an effective cyber security laboratory. Cyber security performance testing capability is needed to meet current operational demands and make improvements to the remote vulnerability testing program. The program needs to simulate architectures and evaluate exploitation techniques associated with potential vulnerabilities including the ability to introduce malicious code. The penetration assessment laboratory is a multi-faceted offensive/defensive computer security network resource. The cyber security laboratory is consistent with both the attack resources employed by the hacker community, and the practices and systems of the computer security industry. This activity includes development of a tracking system that provides for retention, storing, tracking, and retrieval of OA's products, as well as linkage to DOE information databases and other information sources. This program also develops technology tools to provide information and analysis of the lessons learned, trends, and the status of safeguards and security, environment, safety, and health, cyber security, and emergency management performance across the complex. The performance measure associated with this program is that findings and issues associated with these programs will be maintained in a database to track corrective actions and assist in measuring improvement in these critical areas throughout the DOE. (FY01: \$967; FY02: \$967; FY03: \$967)

### **Emergency Management Oversight**

- OA will perform annual inspections of critical emergency management operations at 14 major DOE sites and Headquarters. These field sites have significant amounts of special nuclear material or other hazards. Follow-up reviews will be conducted to ensure corrective actions are effective. Emergency management oversight program reviews are being conducted at Lawrence Livermore National Laboratory, the Y-12 Plant, and selected other sites. The program is also reviewing selected site emergency management exercises. The performance measure associated with this activity is to provide for the dedicated oversight of emergency management issues at DOE Headquarters and 14 major Departmental sites. (FY 01: \$800; FY 02: \$800; FY03: \$800)

### **Salaries and Benefits**

- Salaries and Benefits for FY 2003 provide for 66 Federal full-time equivalents (FTE) based on the Department's Strategic Alignment Initiative end-of-year allocations. Requested salaries and benefits funding reflects the latest escalation rate assumption based on civilian pay raise of 2.6 percent provided by the Office of Management and Budget (OMB) dated December 3, 2001. In addition, funding is provided for worker's compensation payment to the Department of Labor, transit subsidies, and incentive awards. The requested funding for FY 2003 represents the resources needed to support the program in FY 2003. (FY01: \$7,250; FY02: \$7,562; FY03: \$7,562)

**Travel**

- Travel requirements are consistent with support for OA Federal staff and include the Economic Assumption as provided by OMB. Travel includes all costs of transportation, subsistence, and incidental travel expenses of OA’s Federal employees in accordance with Federal Travel Regulations. (FY01: \$1,065; FY02: \$1,065; FY03: \$943)

**Other Related Expenses**

- Other related expenses include OA’s Working Capital Fund charges for rental of office space, building maintenance and occupancy, telephone and network communication costs, utilities, computer/video support, printing and graphics, photocopying, postage, office supplies and equipment, electronic services, payroll processing, contract closeouts, and the Corporate Executive Information System. This includes tuition/training costs for OA’s Federal employees as well as pension and annuitant health care benefits. A Working Capital Fund was established in FY 1997 to allocate the cost of common administrative services to the recipient organizations. (FY01: \$1,536; FY02: \$1,535; FY03: \$1,456)

**Funding Profile**

(dollars in thousands)

|                                                                                                                    | FY 2001<br>Comparable<br>Appropriation | FY 2002<br>Original<br>Appropriation | FY 2002<br>Adjustments | FY 2002<br>Comparable<br>Appropriation | FY 2003<br>Request  |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|------------------------|----------------------------------------|---------------------|
| Other Defense Activities                                                                                           |                                        |                                      |                        |                                        |                     |
| Program Direction.....                                                                                             | 22,275 <sup>a</sup>                    | 14,904                               | + 7,482 <sup>ab</sup>  | 22,386                                 | 22,615 <sup>a</sup> |
| Use of Prior Year Balances                                                                                         | 0                                      | -158                                 | 0                      | -158                                   | 0                   |
| Total, Independent Oversight and<br>Performance Assurance.....                                                     | 22,275                                 | 14,746                               | + 7,482                | 22,228                                 | 22,615              |
| Total, Excluding Full Funding for<br>Federal Retirement, Independent<br>Oversight & Performance<br>Assurance ..... | 22,099                                 | 14,746                               | +7,300                 | 22,046                                 | 22,430              |

**Public Law Authorizations:**

P.L. 106-398, “Floyd D. Spence National Defense Authorization Act for FY 2001”

<sup>a</sup> “The FY 2001 and FY 2002 column of the FY 2003 Congressional Request includes funding in the amount of \$176,000 and \$182,000, respectively, for the Government’s share of increased costs associated with pension and annuitant health care benefits. These funds are comparable to FY 2003 funding of \$185,000. (Note: The data is presented on a comparable basis as if the legislation had been enacted and implemented in FY 2001.)”.

<sup>b</sup> “The Department submitted a reprogramming to transfer \$7,300,000 to support environment, safety, and health oversight activities which have been funded previously in the environment, safety, and health program. (This includes the transfer of 24 FTEs)”.

## Funding by Site

(dollars in thousands)

|                                                                                                                   | FY 2001 | FY 2002 | FY 2003 | \$ Change | % Change |
|-------------------------------------------------------------------------------------------------------------------|---------|---------|---------|-----------|----------|
| Albuquerque Operations Office                                                                                     |         |         |         |           |          |
| Honeywell.....                                                                                                    | 250     | 250     | 250     | -         | -        |
| Total, Albuquerque Operations Office.....                                                                         | 250     | 250     | 250     | -         | -        |
| Richland Operations Office                                                                                        |         |         |         |           |          |
| Pacific Northwest National Laboratory..                                                                           | 250     | 250     | 250     | -         | -        |
| Total, Richland Operations Office.....                                                                            | 250     | 250     | 250     | -         | -        |
| All Other Sites                                                                                                   |         |         |         |           |          |
| Washington Headquarters <sup>a</sup> .....                                                                        | 21,775  | 21,886  | 22,115  | + 229     | + 1.0    |
| Total, Washington Headquarters.....                                                                               | 21,775  | 21,886  | 22,115  | + 229     | + 1.0    |
| Subtotal, Independent Oversight and<br>Performance Assurance .....                                                |         |         |         |           |          |
|                                                                                                                   | 22,275  | 22,386  | 22,615  |           |          |
| Use of Prior Year Balances.....                                                                                   | 0       | -158    | 0       |           |          |
| Total, Independent Oversight and<br>Performance Assurance.....                                                    | 22,275  | 22,228  | 22,615  | + 387     | + 2.0    |
| Total, Excluding Full Funding for Federal<br>Retirement, Independent Oversight and<br>Performance Assurance ..... |         |         |         |           |          |
|                                                                                                                   | 22,099  | 22,046  | 22,430  |           |          |

<sup>a</sup> "The FY 2001 and FY 2002 column of the FY 2003 Congressional Request includes funding in the amount of \$176,000 and \$182,000, respectively, for the Government's share of increased costs associated with pension and annuitant health care benefits. These funds are comparable to FY 2003 funding of \$185,000. (Note: The data is presented on a comparable basis as if the legislation had been enacted and implemented in FY 2001.)".

## **Site Description**

### **Albuquerque Operations Office**

Albuquerque Operations Office is located on Kirtland Air Force Base in Albuquerque, New Mexico. The primary mission continues to be stewardship and maintenance of the Nation's nuclear weapons stockpile.

### **Honeywell, Federal Manufacturing and Technologies**

Honeywell is located on Kirtland Air Force Base in Albuquerque, New Mexico. Honeywell provides maintenance, storage and delivery of OA's Multiple Integrated Laser Engagement Systems (MILES) equipment. This equipment is used to simulate weapons fire in tactical field exercises that support the assessment of the overall effectiveness of field protection programs.

### **Richland Operations Office**

Richland Operations Office, Richland, Washington, manages waste products; and develops and applies commercializes technologies.

### **Pacific Northwest National Laboratory**

Pacific Northwest National Laboratory (PNNL), Richland, Washington, develops oversight processes and protocols that are used for program implementation, planning, and analysis of evaluation results and trends. PNNL also provides technical support for OA's special studies and reviews.

### **All Other Sites - Washington Headquarters (Includes Commercial Contracts, Other Federal Agencies, and Universities)**

The evolving short-term needs for national-level expertise in a multitude of disciplines can best be met through the use of contractors who can rapidly respond to the continually changing skills mix required of independent oversight activities across the DOE complex. Contract support provides a practical and cost-effective method of providing a surge pool of technical expertise for conducting oversight activities at DOE facilities. These activities include safeguards and security evaluations, environment, safety, and health evaluations, cyber security reviews, emergency management reviews, special studies, and reviews. Program direction for the Federal staff that includes salaries, benefits, travel, training, Working Capital Fund, pension annuitant and health care benefits, and other personnel-related expenses are also provided.



# Office of Independent Oversight and Performance Assurance

## Mission Supporting Goals and Objectives

The mission of the Office of Independent Oversight and Performance Assurance (OA) program is to provide the Secretary of Energy, the Administrator of the National Nuclear Security Agency (NNSA), senior departmental managers, and the Congress with an independent assessment of the effectiveness of Department of Energy (DOE) policy and site performance in the areas of safeguards and security, environment, safety, and health, cyber security, emergency management, and other critical functions. OA is the exclusive focal point for oversight of departmental sites in all areas of safeguards and security, environment, safety, and health, cyber security, and emergency management. The primary goal of OA is to be a catalyst that promotes constructive change in the Department's safeguards and security, environment, safety, and health, cyber security, and emergency management programs. This goal is accomplished by providing an independent evaluation and analysis of the status of these important programs, accurately reporting the status, and conducting timely follow-up activities to validate that appropriate corrective actions are being taken.

In order for the OA to achieve its mission, it requires the technical support of national-level experts. While OA has some unique, national-level experts, these are insufficient to perform all necessary oversight activities. Further, because of the nature of the activities, contract support continues to be more practical and cost-effective to provide a surge pool of technical experts rather than expanding the Federal oversight staff for a number of reasons:

- Peak loads associated with onsite inspections make it more effective and efficient to use contractor personnel who are tasked only when needed.
- The need for evaluators with national-level expertise in different technical disciplines (ranging from cyber security to nuclear material control and accountability) is more efficiently met by contractors. The needs for various technical expertise are continually evolving and frequently change as new needs are identified. Such evolving needs can best be met through use of contractors as the Federal staff and personnel systems are unable to rapidly respond to the continually changing skills mix.

Similarly, because of the nature of OA's activities and the intense scrutiny that the organization is under, the reviews must be performed in a manner that is demonstrably unbiased.

The mission of OA's program is accomplished through the following key activities:

### **Safeguards and Security Evaluations**

- The Office of Safeguards and Security Evaluations performs regular and follow-up reviews of safeguards and security programs at DOE and NNSA sites that have significant amounts of special nuclear material, classified information, or other security interests. The scope of the reviews includes any or all aspects of safeguards and security, including physical protection of special nuclear material, accountability of special nuclear material, protection of classified and sensitive information, personnel security, protective forces, and foreign visits and assignments.

### **Special Analysis**

- The Office of Safeguards and Security Evaluations also performs reviews and studies of policies, programs, and their implementation in the field to effect program corrections. This activity, in addition, provides for weapons simulation systems to perform realistic tactical engagements between an oversight advisory force and the inspected site protection force to assess overall security performance effectiveness. It also includes development of methods and tools to perform inspections more effectively and efficiently.

### **Environment, Safety, and Health Evaluations**

- The Office of Environment, Safety, and Health Evaluations focus is on integrated safety management implementation and environment, safety, and health performance. Environmental inspections provide independent evaluations of a wide variety of environmental protection and restoration activities. This activity results in the evaluation and reporting of environment, safety, and health vulnerabilities. Effectiveness of environmental programs in accordance with Executive Orders is a focus area. Reviews of authorization basis documents are also conducted.

### **Cyber Security and Special Reviews**

- The Office of Cyber Security and Special Reviews performs regular evaluations of the effectiveness of classified and unclassified cyber security policies and programs, including network protection, risk management, technical implementation, and configuration management at DOE and NNSA facilities. The office establishes and maintains a continuous program for assessing Internet security to include offsite scanning and controlled penetration attempts to detect vulnerabilities that could be exploited by hackers.

### **Emergency Management Oversight**

- The Office of Emergency Management Oversight provides independent oversight of all aspects of emergency management programs, including hazards assessment, protective actions, emergency response, emergency public information, and offsite interfaces. The effectiveness of the site programs is evaluated through the onsite review of major site exercises.

### **Salaries and Benefits**

- Salaries and benefits provide funding for a Federal staff who have the technical expertise required to carry out the essential OA's mission. The mission requires experts to provide the Department with independent oversight and performance assurance capability across the DOE complex. (FY01: 66 FTE; FY02: 66 FTE; FY03: 66 FTE)

### **Other Defense Activities/**

### **Independent Oversight and Performance Assurance/**

### **Mission Supporting Goals and Objectives**

**FY 2003 Congressional Budget**

## **Travel**

- Travel includes all costs of transportation, subsistence, and incidental travel expenses of Federal employees in accordance with Federal Travel Regulations.

## **Other Related Expenses**

- Other related expenses includes training for Federal staff, the Working Capital Fund, and an information management and analysis program. This provides for the Working Capital Fund based on guideline estimates issued by the Working Capital Fund Manager. This funding covers non-discretionary prorated costs such as space utilization, computer and telephone usage, mail service, supplies, and electronic services. Funding also supports OA office expenditures for printing and reproduction, telecommunications needs, automated data processing (ADP) maintenance, and training for Federal staff, including tuition costs for OA Federal employees and the pension and annuitant health care benefits.

## Funding Schedule

(dollars in thousands)

|                                                                                                                     | FY 2001 | FY 2002 | FY 2003 | \$ Change | % Change |
|---------------------------------------------------------------------------------------------------------------------|---------|---------|---------|-----------|----------|
| Independent Oversight & Performance Assurance.....                                                                  | 12,424  | 12,224  | 12,654  | + 430     | + 3.5    |
| Salaries and Benefits.....                                                                                          | 7,426   | 7,744   | 7,747   | +3        | +0.1     |
| Travel.....                                                                                                         | 1,065   | 1,065   | 943     | - 122     | - 11.4   |
| Other Related Expenses                                                                                              |         |         |         |           |          |
| Tuition/Training.....                                                                                               | 75      | 75      | 75      | 0         | 0        |
| Working Capital Fund.....                                                                                           | 549     | 595     | 601     | + 6       | + 1.0    |
| Other Services Procured.....                                                                                        | 736     | 683     | 595     | - 88      | - 12.9   |
| Subtotal, Independent Oversight and Performance Assurance .....                                                     | 22,275  | 22,386  | 22,615  | + 229     | + 1.0    |
| Use of Prior Year Balances.....                                                                                     | 0       | -158    | 0       |           |          |
| Total, Independent Oversight and Performance Assurance .....                                                        | 22,275  | 22,228  | 22,615  |           |          |
| Total, Excluding Full Funding for Federal Retirement, Independent Oversight & Performance Assurance <sup>a</sup> .. | 22,099  | 22,046  | 22,430  | + 384     | + 2.0    |
| Full-Time Equivalents.....                                                                                          | 66      | 66      | 66      |           |          |

<sup>a</sup> "The FY 2001 and FY 2002 column of the FY 2003 Congressional Request excludes funding in the amount of \$176,000 and \$182,000, respectively, for the Government's share of increased costs associated with pension and annuitant health care benefits. These funds are comparable to FY 2003 funding of \$185,000. (Note: The data is presented on a comparable basis as if the legislation had been enacted and implemented in FY 2001.)".

**Other Defense Activities/  
Independent Oversight and Performance Assurance/  
Mission Supporting Goals and Objectives**

**FY 2003 Congressional Budget**

## Detailed Program Justification

(dollars in thousands)

| FY 2001 | FY 2002 | FY 2003 |
|---------|---------|---------|
|---------|---------|---------|

|                                                 |              |              |              |
|-------------------------------------------------|--------------|--------------|--------------|
| <b>Safeguards and Security Evaluations.....</b> | <b>6,057</b> | <b>5,857</b> | <b>6,287</b> |
|-------------------------------------------------|--------------|--------------|--------------|

The oversight functions that directly relate to DOE’s national security interests are well developed. The program is considered by the Department as a catalyst for improvement and has directly contributed to significant reductions in recurrence of safeguards and security issues and effectively supports the maintenance of a safe, secure, and reliable enduring weapons stockpile. As a direct result of the experiences and expertise developed within the OA, it is able to provide tools and share information (handbooks, videotapes, and lessons learned) with numerous organizations within the Department. This important “information sharing” effort has resulted in a substantial increase in the effectiveness of field self-assessment and survey programs. The funding level has been developed over a long period of time by experience, by the expressed needs of the safeguards and security communities, and numerous budget preparations, and is well established. We plan to conduct safeguards and security evaluations (8 scheduled and 12 focused and/or follow-up reviews) at major sites each year to provide an independent assessment of the status of safeguards and security programs for the Secretary of Energy. Findings and issues associated with these programs will be maintained in a database to track corrective actions and assist in measuring improvement in these critical areas throughout the Department. The funding level is increased due to the expanded initiative involving the Department’s integrated safeguards and security program and associated consolidated oversight initiative. Through streamlining, we have become more cost efficient.

|                              |            |            |            |
|------------------------------|------------|------------|------------|
| <b>Special Analysis.....</b> | <b>600</b> | <b>600</b> | <b>600</b> |
|------------------------------|------------|------------|------------|

Special studies and reviews are an important part of OA. Issues and problems not normally covered by the more traditional oversight functions (i.e., safeguards and security inspections, follow-up activities, and analysis efforts) have been of particular interest to senior DOE Managers and Congress and have resulted in substantial improvements to programs throughout DOE. This has been a recurring and appropriate function for the independent oversight program, a program best suited to provide an unbiased evaluation of a particular Departmental issue. The funding level, which provides for special reviews, is appropriate as determined over time through experience in dealing with the more non-traditional type of oversight reviews and studies.

(dollars in thousands)

|  | FY 2001 | FY 2002 | FY 2003 |
|--|---------|---------|---------|
|--|---------|---------|---------|

**Environment, Safety, and Health Evaluations.....** **4,000** **4,000** **4,000**

Environment, safety, and health evaluations (eight scheduled and seven focused and/or follow-up reviews per annum) encompass the critical DOE Integrated Safety Management programs and relevant environment, safety, and health topics. They identify issues and problems that are often not identified by line management. These issues may also have complex-wide implications and result in Department-wide corrective actions. Focused evaluations involve a wide range of functional programs, processes, projects, and activities essential to the protection of workers, the public, and the environment. These evaluations assure adherence to applicable DOE and industry safety and health, radiation protection, waste management, and fire protection. This activity also includes periodic oversight of environment, safety, and health performance in all phases of major projects such as construction, the recovery and stabilization of hazardous materials, and decommissioning and environmental restoration projects. This has been a recurring and appropriate function for OA's program, a program best suited to provide an unbiased evaluation of a particular Departmental activity. The funding level is appropriate, especially with increased efficiencies of operations, and has been determined over time through experience in dealing with the more non-traditional type of oversight reviews and studies.

**Cyber Security and Special Reviews.....** **967** **967** **967**

Cyber security reviews are dedicated solely to multi-faceted reviews of cyber security, including unannounced inspections, offsite monitoring of Internet security, controlled attempts to penetrate security firewalls, and other measures. The funding level has been determined by current and past experience with these activities. Most security breaches result, not from lack of hardware, but from inadequate implementation of security features, failure to correct known vulnerabilities, poor security awareness, poor user training, poor configuration control, and other such lapses. These vulnerabilities are best detected and corrected by a strong independent oversight program. Investments in cyber security oversight have resulted in significant improvements in cyber security throughout the Department such as the elimination of many highly exploitable interest vulnerabilities. Plans consist of performing continuous cyber security inspections including unannounced inspections, offsite monitoring of Internet security, and penetration tests at major Departmental sites.

(dollars in thousands)

| FY 2001 | FY 2002 | FY 2003 |
|---------|---------|---------|
|---------|---------|---------|

**Emergency Management Oversight..... 800 800 800**

The lack of emergency management oversight is one of the factors that has contributed to poor past performance in this area. This function has significantly contributed to enhanced emergency management capabilities throughout DOE. The funding level is based on current and past performance, is appropriate and will provide for the dedicated oversight of emergency management issues at DOE Headquarters and major Departmental sites.

**Salaries and Benefits..... 7,250 7,562 7,562**

Salaries and benefits include the economic assumptions provided by OMB. Funds for full-time permanent employees include: salaries, overtime pay, cash incentive awards, lump sum payments, Senior Executive Service and other performance awards, and workman's compensation.

**Travel..... 1,065 1,065 943**

OA's travel requirements are necessary for the performance of various field activities. The travel estimate includes costs for airfare, lodging, and other travel related expenses.

**Other Related Expenses..... 1,536 1,535 1,456**

This provides for the Working Capital Fund based on guideline estimates issued by the Working Capital Fund Manager. This funding covers non-discretionary prorated costs such as space utilization (rent costs increased), computer and telephone usage, mail service, supplies and electronic services. Funding also supports OA office expenditures for printing and reproduction, telecommunications needs, ADP maintenance, and training for Federal staff (including tuition costs for OA's Federal employees).

**Total, Independent Oversight & Performance**

**Assurance..... 22,275 22,386 22,615**

**Use of Prior Year Balances..... 0 -158 0**

**Total..... 22,275 22,228 22,615**

## Explanation of Funding Changes

|                                   |
|-----------------------------------|
| FY 2003 vs.<br>FY 2002<br>(\$000) |
|-----------------------------------|

**Independent Oversight and Performance Assurance**

|                                                                                                                                                                |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Increase due to expanded initiative involving the Department’s integrated safeguards and security programs and associated consolidated oversight initiative... | + 430 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|

**Travel**

|                                                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------------------|-------|
| Funding request is reduced to accommodate the Secretary’s initiative to consolidate its oversight programs in OA..... | - 122 |
|-----------------------------------------------------------------------------------------------------------------------|-------|

**Other Related Expenses**

|                                                                                                                                                                                                                                                                                                                       |      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Funding request is reduced to accommodate the Secretary’s initiative to consolidate its oversight programs in OA reflecting cost savings and efficiency of operations (- \$82,000). The charge for pension and annuitant health care benefits has been included and is +\$3,000 on a comparable basis for FY2003..... | - 79 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|

|                                                                                     |              |
|-------------------------------------------------------------------------------------|--------------|
| <b>Total Funding Change, Independent Oversight &amp; Performance Assurance.....</b> | <b>+ 229</b> |
|-------------------------------------------------------------------------------------|--------------|