

U.S. Department of Energy
Washington, D.C.

NOTICE

DRAFT
DOE N 226.1

Approved: XX-XX-03
Expires: XX-XX-04

SUBJECT: IMPLEMENTATION OF DEPARTMENT OF ENERGY OVERSIGHT POLICY

1. OBJECTIVE. This Notice provides directions for implementing Department of Energy (DOE) P 226.1, *Department of Energy Oversight Policy*, dated XX-XX-03, which establishes DOE policy for oversight and assurance activities performed by DOE independent oversight organizations, DOE line management, and DOE site/facility management contractors. This Notice will be cancelled when the affected DOE directives (see paragraph 4a) are modified to conform to DOE P 226.1 and address the relevant provisions of this Notice.
2. CANCELLATION. None.
3. APPLICABILITY.
 - a. DOE Elements. Except for the exclusions in paragraph 3c, this Notice applies to all DOE elements, including the National Nuclear Security Administration (NNSA), (see Attachment 1). As used in this Notice, any reference to DOE is also meant to include NNSA.
 - b. Site/Facility Management Contractors.
 - (1) The Contractor Requirements Document (CRD), Attachment 2, sets forth requirements of this Notice that will apply to site/facility management contractors whose contracts include the CRD.
 - (2) This CRD must be included in site/facility management contracts governed by 48 CFR 952.204-2, *Security*; -48 CFR 952.204-70, *Classification/Declassification*; and/or 48 CFR 952.223-71, *Integration of Environment, Safety and Health into Work Planning and Execution*.
 - (3) This Notice does not apply automatically to other than site/facility management contractors. Any application of requirements of this Notice to other than site/facility management contractors will be communicated separately from this Notice.

DISTRIBUTION:
All Departmental Elements

INITIATED BY:
Office of Independent Oversight and
Performance Assurance

- (4) Heads of field elements¹/heads of contractor activities are responsible for telling contracting officers which site/facility management contractors are affected. Once notified, contracting officers are responsible for incorporating the CRD into the contracts of affected site/facility management contractors via the laws, regulations, and DOE directives clause of the contracts.
- (5) As the laws, regulations, and DOE directives clause of site/facility management contracts states, regardless of the performer of the work, site/facility management contractors with a CRD incorporated into their contracts are responsible for compliance with the requirements of the CRD.
 - (a) Affected site/facility management contractors are responsible for flowing down the requirements of this CRD to subcontractors at any tier to the extent necessary to ensure the site/facility management contractors' compliance with requirements.
 - 1 Contractors must not unnecessarily or imprudently flow down requirements to subcontractors. That is, contractors will—ensure that they and their subcontractors comply with the requirements of the CRD, and
 - 2 Incur only costs that would be incurred by a prudent person in the conduct of competitive business.

c. Exclusions.

- (1) This Notice does not apply to activities conducted under the authority of the Director, Naval Nuclear Propulsion Program, as assigned by Executive Order 12344.
- (2) With respect to intelligence-related activities of the Director, Office of Intelligence, this Notice applies only to information protection and cyber security measures, pursuant to Executive Order 12333.
- (3) Consistent with Secretarial Delegation Order Number 00-033.00A to the Administrator and Chief Executive Officer, Bonneville Power Administration, this Notice does not apply to oversight of environmental programs or occupational safety and health programs at Bonneville Power Administration.

4. REQUIREMENTS.

- a. Current DOE directives will be reviewed and revised as necessary to conform to this Notice as part of the regular directives review process. Specific provisions of these directives (e.g., minimum frequency of self-assessments and line

¹ Operations offices, service centers, site offices, area offices, and regional offices of Federally staffed laboratories.

management assessments) remain in effect until modified. Directives that are affected include the following.

- DOE O 414.1A, *Quality Assurance*, dated 9-29-99.
 - DOE O 470.2B, *Independent Oversight and Performance Assurance Program*, dated 10-31-02.
 - DOE O 151.1A, *Comprehensive Emergency Management System*, dated 11-1-00.
 - DOE O 470.1, *Safeguards and Security Program*, dated 9-28-95.
 - DOE P 205.1, *Departmental Cyber Security Management Policy*, dated 5-8-01.
 - DOE O 205.1, *Department of Energy Cyber Security Management Program*, dated 3-21-03.
 - DOE P 450.4, *Safety Management System Policy*, dated 10-15-96.
 - DOE P 470.1, *Integrated Safeguards and Security Management (ISSM) Policy*, dated 5-8-01.
 - DOE P 450.5, *Line Environment, Safety and Health Oversight*, dated 6-26-97.
 - DOE M 475.1-1A, *Identifying Classified Information*, dated 2-26-01
- b. Revisions to these directives must ensure that DOE and contractor organizations have the flexibility to tailor independent and DOE line oversight processes and contractor assurance systems to program- and site-specific needs. That is, the revised directives must specify *what* needs to be accomplished rather than *how* and must not place unnecessary restrictions on DOE field elements and contractors.
- c. The three major oversight processes—Federal and contractor assurance programs, DOE line management oversight, and DOE independent oversight—are designed to be complementary. Collectively, they provide DOE and contractor line managers with sufficient accurate and timely information about the status and performance of the site programs. In addition to identifying noncompliances, these oversight processes will identify ways to make programs more effective and/or efficient and report such opportunities to line management for their consideration.
- d. Oversight processes evaluate compliance with requirements and site performance in effectively meeting those requirements. Applicable requirements include rules, DOE directives, DOE-approved plans and program documents (e.g., security plans, authorization basis documents, and quality assurance plans), site-specific procedures and manuals, and other contractually mandated requirements.

- e. Oversight processes also may identify DOE directives or site-specific requirements that conflict, are unclear or are incomplete. Deficiencies in the DOE requirements will be brought to the attention of the responsible DOE Headquarters policy organization or contracting officers for evaluation and corrective actions.
- f. Personnel responsible for managing and performing oversight will possess experience, knowledge, skills, and abilities commensurate with their responsibilities. Responsible line managers will establish appropriate qualification standards for oversight personnel and will establish and maintain clear, unambiguous lines of authority and responsibility for performing oversight functions.
- g. Oversight priorities are based on the relative risks and hazards present in activities or at facilities/sites. Higher risk activities, facilities with higher nuclear material attractiveness levels, and less mature programs will be assessed more frequently and/or more in depth. Oversight priorities also consider past performance of organizations and previous assessment results.
- h. The scope and results of reviews by external regulators (e.g., the Environmental Protection Agency) and organizations (e.g., the Defense Nuclear Facilities Safety Board) are important factors in determining oversight priorities. DOE line management oversight and contractor assurance program activities will be coordinated to minimize duplication of effort. To increase efficiency and promote common understanding of processes and results DOE line management and contractors may perform some assessments jointly.
- i. Performance indicators are considered in making management decisions, including allocating resources, establishing goals, identifying performance trends, identifying potential problems, and applying lessons learned and good practices.
- j. Quantitative performance indicators/measures also may be considered in evaluating performance and establishing oversight priorities. Quantitative performance measures provide only a partial indication of system effectiveness when applied to environment, safety, and health; safeguards and security, cyber security; and emergency management, and must be considered in combination with other appraisal and operational awareness results.
- k. To preclude duplication of effort and redundant assessments, DOE field elements perform most operational awareness and assessment activities.
- l. Contractor performance assessments are the responsibilities of DOE Headquarters program offices and are performed on behalf of responsible DOE line managers through the DOE field element.
- m. In some circumstances (e.g., reviews to assess significant operational concerns), program offices may perform assessments as deemed necessary by program Secretarial Officers. DOE Headquarters personnel will regularly review the results of DOE field element oversight and other information to maintain

awareness of site conditions and trends and may participate in assessments performed by field elements.

- n. For activities and programs at Government-owned and Government-operated facilities and sites that are not under the cognizance of a DOE field element, DOE Headquarters program offices will establish and implement comparably effective oversight processes consistent with requirements for contractor assurance systems (Attachment 3) and DOE line management oversight (Attachment 4) of this Notice.

5. RESPONSIBILITIES.

a. Administrator, NNSA; Cognizant Secretarial Officers; and Program Secretarial Officers.

- (1) Ensure that DOE field elements design and implement line management oversight programs consistent with Attachment 4 or comparably effective criteria established by the responsible program office.
- (2) Ensure that program-office-specific policies and directives conform to DOE P 226.1.
- (3) Establish and implement a DOE-wide lessons learned process to ensure the efficient sharing of relevant information across all DOE sites.

DOE Headquarters program offices will establish and implement comparably effective DOE line oversight processes consistent with the provisions of Attachments 3 and 4 for activities and programs at Government-owned and Government-operated facilities/activities and DOE sites that are not under the cognizance of a DOE field element.

b. Heads of Field Elements/Heads of Contracting Activities.

- (1) Ensure that the CRD (Attachment 2) is incorporated into all DOE site/facility management contracts pursuant to 48 CFR 970.5204-2, Laws, regulations, and DOE directives, by notifying contracting officers. Once notified, contracting officers must incorporate the CRD without modification into their contracts, as soon as practicable, but no later than 6 months after the effective date of this Notice.
- (2) Design and implement line management oversight programs consistent with Attachment 4 or comparably effective criteria established by the responsible program office.
- (3) Establish and implement effective DOE line oversight processes consistent with the provisions of Attachments 3 and 4 for Government-owned and Government-operated facilities and DOE sites under the field elements' cognizance.

- (4) Use the results of DOE line and independent oversight and Federal and contractor assurance systems to make informed decisions about corrective actions and the acceptability of residual risks and to improve the effectiveness and efficiency of programs and site operations.
- (5) Ensure that site-specific policies and implementing procedures are revised to conform to DOE P 226.1 during the established review and revision cycle and are consistent with Attachments 3 and 4 or comparably effective criteria established by the responsible program office.

c. Offices of Primary Interest.

Serve as initiating offices for applicable DOE directives (specified in paragraph 4a) to ensure that the directives are revised to conform to DOE P 226.1 during the next cycle of the directive review process.

d. Secretarial Staff Offices.

DOE elements performing independent oversight under the direct authority of the Secretary of Energy, such as the Office of Independent Oversight and Performance Assurance, ensure that independent oversight processes are designed and implemented in accordance with the requirements for independent oversight (Attachment 5), or comparably effective standards established by the director of the independent oversight program.

6. CONTACT. Questions concerning this Notice should be directed to the Office of Independent Oversight and Performance Assurance at 301-903-3777.

BY ORDER OF THE SECRETARY OF ENERGY:

KYLE E. McSLARROW
Deputy Secretary

**DOE ORGANIZATIONS TO WHICH
DOE N 226.1, *Implementation of Department of Energy Oversight Policy*, IS APPLICABLE**

Office of the Secretary
Chief Information Officer
Office of Civilian Radioactive Waste Management
Office of Congressional and Intergovernmental Affairs
Office of Counterintelligence
Departmental Representative to the Defense Nuclear Facilities Safety Board
Office of Economic Impact and Diversity
Office of Electric Transmission and Distribution
Office of Energy Efficiency and Renewable Energy
Energy Information Administration
Office of Environment, Safety and Health
Office of Environmental Management
Office of Fossil Energy
Office of General Counsel
Office of Hearings and Appeals
Office of Independent Oversight and Performance Assurance
Office of Intelligence
Office of Management, Budget and Evaluation and Chief Financial Officer
National Nuclear Security Administration
Office of Nuclear Energy, Science and Technology
Office of Policy and International Affairs
Office of Public Affairs
Office of Science
Secretary of Energy Advisory Board
Office of Security
Office of Worker and Community Transition
Office of Energy Assurance
Bonneville Power Administration
Southeastern Power Administration
Southwestern Power Administration
Western Area Power Administration

CONTRACTOR REQUIREMENTS DOCUMENT

DOE N 226.1, *Implementation of DOE Oversight Policy*

This Contractor Requirements Document (CRD) establishes requirements of Department of Energy (DOE)/National Nuclear Security Administration (NNSA) contractors whose contractors include requirements for implementing DOE oversight and assurance programs.

Regardless of the performer of the work, the contractor is responsible for complying with the requirements of this CRD. The contractor is responsible for flowing down the requirements of this CRD to subcontractors at any tier to the extent necessary to ensure the contractor's compliance with the requirements. In doing so, the contractor must not unnecessarily or imprudently flow down requirements to subcontractors. That is, the contractor will ensure that it and its subcontractors comply with the requirements of this CRD and incur only costs that would be incurred by a prudent person in the conduct of competitive business.

1. RESPONSIBILITIES. The contractor must comply with the following requirements to ensure establishment of implementing procedures for the provisions of this CRD, compliance with applicable requirements, and effective and efficient performance in accordance with contract provisions.
2. REQUIREMENTS.
 - a. Establish contractor assurance systems¹ to identify program and performance deficiencies, areas for improvement, and practices worthy of emulation. The contractor assurance program will address the elements described in Attachment 3 of DOE N 226.1, *Implementation of DOE Oversight Policy*, dated XX-XX-03, or other comparably effective elements established by responsible DOE line management.
 - b. Establish contractor assurance systems to provide DOE line management with a comprehensive program performance baseline for design of effective, efficient line management oversight activities.
 - c. Provide detailed program descriptions for DOE field element review and approval.
 - d. Evaluate compliance with applicable rules, DOE directives, DOE-approved plans and program documents (e.g., security plans, authorization basis documents, and

¹As used in this CRD, contractor assurance systems encompass all aspects of the activities designed to identify deficiencies and opportunities for improvement, report deficiencies to the responsible managers, and ensure that corrective actions are completed. These activities include assessments (including self-assessments, management assessments, and internal independent assessments as defined by rules and DOE orders), operational awareness activities (e.g., management walk-throughs), quality assurance programs, lessons-learned programs, accident investigations, worker feedback mechanisms, performance indicators/measures, event reporting processes, analysis of causes, identification of corrective actions and recurrence controls, corrective action tracking and monitoring, closure of corrective actions and verification of effectiveness, and analysis of trends.

quality assurance plans), site-specific procedures/manuals, and other contractually mandated requirements.

- e. Ensure that personnel who manage and perform assurance functions possess experience, knowledge, skills, and abilities commensurate with their responsibilities.
- f. Establish and maintain appropriate qualification standards for personnel with oversight responsibilities and clear, unambiguous lines of authority and responsibility for oversight.

CONTRACTOR ASSURANCE SYSTEMS

1. REQUIREMENTS.

- a. DOE site/facility management contractors establish comprehensive contractor assurance systems in accordance with 10 CFR Part 830, Subpart A, Quality assurance requirements (the quality assurance rule); applicable DOE directives; and contract provisions. A contractor's assurance processes must encompass all of the various activities designed to—
 - (1) identify deficiencies and opportunities for improvement,
 - (2) report deficiencies to the responsible managers, and
 - (3) ensure that corrective actions are completed.
- b. Assurance activities include—
 - (1) assessments (including self-assessments, management assessments, and internal independent assessments as defined by rules and DOE directives),
 - (2) operational awareness activities (e.g., management walk-throughs),
 - (3) quality assurance programs,
 - (4) lessons-learned programs,
 - (5) accident investigations,
 - (6) worker feedback mechanisms,
 - (7) performance indicators/measures,
 - (8) event reporting processes,
 - (9) causal analysis,
 - (10) identification of corrective actions and recurrence controls,
 - (11) corrective action tracking and monitoring,
 - (12) closure of corrective actions and verification of effectiveness, and
 - (13) trend analysis.

- c. Contractor assurance systems data are to be documented and readily available to DOE. Results of assurance processes are periodically analyzed, compiled, and reported to DOE as part of formal contractual evaluation.
 - d. Contractors will establish processes for corporate audits, third--party certifications, or external reviews by experts to ensure that the contractor's assurance system is effectively designed and implemented.
 - e. Program effectiveness can be certified by third parties to provide management with assurance that program elements meet national standards and reviewers' expectations. Although third-party certification can complement internal assurance systems, it is not a substitute for rigorous internal assurance systems processes.
 - f. Site/facility management contractors must monitor and evaluate all work performed under their contracts, including work of subcontractors.
2. ASSESSMENTS. A rigorous and credible assessment program is the cornerstone of effective, efficient management of programs such as environment, safety, and health; safeguards and security; cyber security; and emergency management.

Site/facility management contractors are responsible for developing, implementing, and performing comprehensive assessments of all facilities, systems, and organizational elements on a recurring basis.

The scope and frequency of assessments must be specified in site plans and program documents (e.g., the quality assurance plan) and must meet or exceed requirements of applicable DOE directives.

- a. Self-assessment is used to evaluate performance at all levels periodically and to determine the effectiveness of policies, requirements, standards, and implementation status.
 - (1) Management self-assessments are defined based on the nature of the facility/activity being assessed and the hazards and risks to be controlled.
 - (2) Self-assessments, which focus on hands-on work and the implementation of administrative processes, involve workers, supervisors, and managers to encourage identification and resolution of deficiencies at the lowest level practicable.
 - (3) Self-assessments are performed at the task or activity level by workers and first-line supervisors (e.g., workplace inspections and post-job reviews).
 - (4) Support organizations perform self-assessments of their performance and the adequacy of their processes.

- (5) Managers at all levels assess the implementation and adequacy of their processes, including analysis of the collective results of lower-level self-assessments.
 - (6) Self-assessment results are documented commensurate with the significance of and risks associated with activities evaluated and the formality of the evaluation process. Deficiencies are accurately described and documented for evaluation and correction using issues management processes.
 - b. Internal independent assessments are performed by contractor organizations or personnel that have authority and independence from line management to support unbiased evaluations.
 - (1) The assessments are formally planned and scheduled based on risks and the significance of the processes and activities to be evaluated.
 - (2) Independent evaluators are appropriately trained and qualified and have knowledge of the areas assessed.
 - (3) Reviewers can be dedicated contractor staff, external organizations, or both.
 - (4) Although independent assessments are applied to individual activities and processes, they typically focus on programs and management processes that are used by multiple organizations.
 - (5) Internal independent assessments concentrate on performance and observation of work activities and the results of process implementation.
3. EVENT REPORTING. Formal programs are established and effectively implemented to identify issues and report, analyze, and address operational events, accidents, and injuries.
 - a. Reportable events that meet occurrence reporting and processing system thresholds and associated corrective actions are tracked in DOE complex-wide systems.
 - b. Nuclear safety issues (e.g., noncompliance with the Price-Anderson Amendments Act) can be self-reported through the DOE-wide Noncompliance Tracking System to mitigate the severity level of the violation and financial penalties.
 - c. Structured processes are established to ensure that events are included in trending analysis.
4. WORKER FEEDBACK. In addition to structured assessments, DOE contractors establish processes to solicit feedback from workers and work activities. Common

feedback mechanisms are described in site plans/program documents and include the following:

- a. employee concerns programs,
 - b. hotlines,
 - c. post-job reviews,
 - d. employee suggestion forms,
 - e. safety meetings, and
 - f. employee participation in committees and working groups.
5. ISSUES MANAGEMENT. Comprehensive, structured issues management ensures timely resolution of deficiencies as integral parts of effective contractor assurance systems. Issues management includes structured processes for—
- a. determining the risk significance/priority,
 - b. evaluating the extent and scope of deficiencies,
 - c. determining event reportability under applicable requirements (e.g., Price-Anderson Amendments Act, Occurrence Reporting and Processing System, security incident reporting),
 - d. identifying causes (applied to all items using a graded approach based on risk),
 - e. identifying suitable corrective actions and recurrence controls,
 - f. identifying individuals/organizations responsible for implementing corrective actions,
 - g. establishing milestones for completion of corrective actions,
 - h. tracking progress toward milestones,
 - i. verifying that corrective actions are complete,
 - j. validating that corrective actions are effectively implemented and accomplish their intended purposes, and
 - k. ensuring that individuals and organizations are accountable for performing their assigned responsibilities.

Issues management also provides for rapidly determining the impact of identified weaknesses and taking timely action to address conditions of immediate safety or security

concern. For such conditions, interim corrective actions (e.g., stopping work, shutting down activities, or revising a procedure) are to be taken as soon as a condition is identified and without waiting until a formal report is issued.

6. DEFICIENCIES. Program and performance deficiencies, regardless of their source, are captured in a system or systems that provide for effective analysis, resolution, and tracking. Deficiencies are analyzed to determine—
- significance and risk,
 - the extent of the condition (e.g., applicability to other facilities or organizations), and causes.

Based on analyses, corrective and preventive actions are developed, documented, and implemented to correct the conditions and prevent recurrence.

- a. Responsibility for developing and implementing corrective actions is assigned to qualified personnel, organizations, and managers.
- b. Due dates for actions are assigned based on significance and risk.
- c. Systems are established to track the resolution of deficiencies so that responsible parties and management can monitor progress and performance.
- d. Completion of corrective actions is verified, and the effectiveness of preventive actions is validated using a graded approach based on significance and risk.

Processes for analyzing deficiencies, individually and collectively, are also integral parts of comprehensive contractor assurance systems. Processes are established to analyze deficiency data from all sources for positive and negative trends and to identify programmatic or systemic issues to be addressed. Management uses analysis to monitor progress in addressing known systemic issues and to optimize the allocation of assessment and monitoring resources.

7. LESSONS LEARNED. Formal programs are established to ensure that lessons learned during work activities, process reviews, and event analyses are communicated to potential users and applied to future work activities. Contractors identify, apply, and exchange lessons learned with the rest of the DOE complex. Affected facilities and organizations take actions to prevent similar occurrences.
8. PERFORMANCE MEASURES. Contractors identify, monitor, and analyze data measuring the performance of facilities, programs, and organizations. The data are used to demonstrate performance improvement or deterioration relative to identified goals. Using a program to analyze and correlate data, contractors can suggest further improvements and identify good practices and lessons learned. To accomplish these objectives, contractors establish programs that identify, gather, verify, analyze, trend, disseminate, and make use of performance indicators.

Performance indicator data are considered in allocating resources, establishing goals, identifying performance trends, identifying potential problems, and applying lessons learned and good practices.

DOE LINE MANAGEMENT OVERSIGHT PROCESSES

1. REQUIREMENTS. DOE line management maintains sufficient knowledge of site and contractor activities to make informed decisions about risks and resource allocation, provide direction to contractors, and evaluate contractor performance. The effectiveness of contractor assurance systems, site/activity hazards, and degrees of risk are factors in determining the scope and frequency of DOE line management assessments and operational awareness activities.
 - a. The oversight program provides a judicious balance between reviews of documentation (e.g., procedures and records) and adequacy of implementation through performance tests and observation of actual work activities at the facilities.
 - b. Oversight program activities also provide for a similar balance between evaluations of systems (such as the DOE integrated safety management system and integrated safeguards and security management system); programs (e.g., radiation protection); facilities; and implementation of individual elements of those systems (e.g., specific work activities).
 - c. As contractor assurance programs mature and improve, DOE field elements will streamline oversight (e.g., conduct fewer and more selective assessments) and focus resources on other operational awareness activities, performance measures monitoring and improvement, and contractor assurance systems.
 - d. Reductions in line oversight assessments may be implemented only in specific areas where the manager of the DOE field element has determined that the contractor has demonstrated consistently good performance and established and sustained comprehensive and rigorous contractor assurance systems.
 - e. The effectiveness of the contractor assurance system will be determined based on objective criteria agreed to in advance with the contractor. DOE field elements must periodically reevaluate contractor assurance systems to ensure their continued effectiveness.
 - f. DOE field elements (or other responsible line management organizations) establish documented program plans that describe their oversight activities and develop an annual schedule of planned assessments and focus areas.
 - g. Modifications to the schedule are expected in response to changing circumstances, but modifications are approved by DOE line management in accordance with defined processes.
 - h. DOE line management oversight has four major purposes.
 - (1) Ensuring contractor compliance with requirements. DOE field elements must periodically examine contractor programs and their implementation

at the work-activity level to ensure that DOE requirements are being met. Deficiencies must be brought to the attention of contractor management and addressed in a timely manner.

- (2) Ensuring the adequacy of contractor assurance systems. DOE field elements must review contractor assurance systems periodically to ensure that contractors are assessing site activities adequately, self-identifying deficiencies, and taking timely and effective corrective actions.
- (3) Evaluating contractor performance. DOE line management must periodically evaluate contractor performance in accordance with the provisions of their contracts.
- (4) Ensuring DOE field element compliance with requirements. DOE line management organizations must establish and implement oversight processes for reviewing and approving safety analysis reports and security plans, performing emergency management functions, adjudicating security clearances, implementing computer security programs at DOE office buildings, operating classified and sensitive information identification and protection programs, and operating employee concerns programs and other such functions.

2. PROCESSES. DOE line management field elements implement line management oversight processes as described below.

- a. Establishing and Communicating Expectations for Contractor Performance. DOE field elements are responsible for setting expectations and communicating them to contractors. This responsibility is implemented through formal mechanisms and direct communication between DOE field elements and contractor managers.
 - (1) Particular attention is devoted to ensuring that requirements and expectations are established in contractual documents, including performance indicators, measures, objectives, and criteria.
 - (2) Performance expectations also are established through the development and approval of required program plans for—
 - (a) quality assurance,
 - (b) integrated safety management,
 - (c) safeguards and security (S&S), and
 - (d) emergency management.

- (3) DOE field elements must ensure that plans submitted by contractors clearly delineate actions to be taken and describe programs that meet DOE requirements and expectations.
 - (4) Indicators and performance measures are established and periodically reviewed and agreed to by the DOE line management and contractors to provide tools for monitoring performance in meeting expectations.
 - (5) In addition to collecting and analyzing long-term indicators of interest complex-wide, contractor-specific performance objectives and criteria, and appropriate incentives are identified and specified in contract documents. Objectives and criteria should be challenging and focused on improving performance in known areas of weakness.
 - (6) If contractor assurance systems are not adequate, DOE line management provides direction to the contractor through such measures as contractual provisions and required program documents (e.g., quality assurance plans).
- b. Operational Awareness Activities. DOE field elements conduct routine day-to-day monitoring of work performance through facility tours/walk-throughs, work observation, document reviews, meeting attendance and participation, and ongoing interaction with contractor workers, support staff, and management.
- (1) DOE line management rigorously reviews and critiques contractor processes and performance in identifying, evaluating, and reporting events and safety issues that are required to be reported by regulations or DOE directives to determine whether issues are properly screened, evaluated, and reported.
 - (2) DOE line management also evaluates and monitors the contractor evaluations and corrective actions for events and issues and ensures that effective recurrence controls are identified and implemented.
 - (3) Operational awareness activities must be documented either individually or reported on a regular basis (e.g., weekly or monthly summaries of activities).
 - (4) Deficiencies in programs or performance identified during operational awareness activities must be communicated to the contractor for resolution through a structured issues management process, which can be managed by the DOE field element or the contractor.
- c. Assessments of Facilities, Operations, and Programs. DOE field elements must establish and implement assessment programs to determine contractor compliance with requirements.

- (1) DOE line management assessments are planned and scheduled based on requirements, analysis of hazards and risks, past performance, and effectiveness of contractor assurance systems for organizations, facilities, operations, and programs.
 - (2) In addition to scheduled assessments, “for cause” reviews are performed when circumstances warrant (e.g., when events indicate degradation of a system).
 - (3) Assessments also are performed in support of facility startup and restart or review and approval of required program documents (e.g., authorization basis documents).
 - (4) Assessment results, including findings, are documented and provided to the contractor for timely resolution.
 - (5) Deficiencies are addressed in a structured issues management process. DOE verifies that contractor corrective actions are complete and effective in addressing deficiencies before they are closed out in the issues management system.
 - (6) As DOE line management gains confidence in contractor assurance systems, field element assessment activities will be reduced in scope and frequency while still providing reasonable assurance that deficiencies are identified in a timely manner and that DOE line managers have an accurate picture of the status and effectiveness of site programs.
 - (7) DOE field elements must continue to perform “for cause” reviews and assessments in support of startup/restart and program document reviews as warranted.
 - (8) Oversight includes structured and rigorous processes for validating the accuracy of information collected during assessments. DOE line management ensures that findings are tracked and resolved through structured processes, including provisions for review of corrective action plans.
 - (9) Line management verifies that corrective actions are complete and performed in accordance with requirements before the finding is closed. Deficiencies are analyzed both individually and collectively to identify causes and prevent recurrences.
- d. Assessments of Contractor Assurance Systems. DOE ensures that contractor assurance systems address all organizations, facilities, and program elements.
- (1) DOE line management assesses implementation and effectiveness of environment, safety, and health (ES&H); S&S; cyber security; and

emergency management systems and their subelements (e.g., radiation protection within ES&H) by examining the following:

- (a) assessment methods (e.g., whether sufficient emphasis is placed on observation of work activities);
 - (b) the frequency, breadth, and depth of self-assessments;
 - (c) line management involvement in self-assessments;
 - (d) evaluators' technical expertise;
 - (e) the number and nature of findings identified; and
 - (f) the degree of rigor- applied to self-assessment.
- (2) DOE line management also regularly assesses the effectiveness of contractor issues management and corrective actions and processes for analyzing the scope and extent of findings, causes, and contributing factors; developing corrective actions; and tracking and verifying the effectiveness of corrective actions.
 - (3) On a sampling basis, DOE line management validates that contractor corrective actions have been implemented and are effective in resolving deficiencies and preventing recurrence.
 - (4) DOE line management must also regularly assess the contractor's reporting processes and performance to ensure contractors meet reporting requirements for events and incidents of security, safety, and management concern and take effective actions to prevent recurrence.
 - (5) For sites where contractors report the results of performance measures to DOE (e.g., as part of a contractual provision), DOE regularly assesses the effectiveness of processes for collecting, evaluating, and reporting performance data to ensure that the information reported is accurate, complete, and a valid indicator of performance.
- e. Evaluations of Contractor Performance. As contracting officers, DOE field elements periodically evaluate contractor performance in meeting contractual requirements and expectations.
- (1) A combination of DOE line management oversight, contractor self-assessments, and other performance indicators (e.g., performance measures and event reports) are used to evaluate contractor performance.
 - (2) Evaluations consider the effectiveness of management programs, including ES&H, S&S, cyber security, and emergency management and

ensure that poor performance in these areas has significant negative consequences on evaluations and fee determination. Evaluations also may be used to reward significant accomplishments and/or performance improvements.

- (3) Quantitative performance indicators/measures can be used, but when applied to ES&H, S&S, cyber security, and emergency management, provide only a partial indication of system effectiveness and must be considered in combination with assessment results.
- (4) Evaluations must be based on an analysis of the results of all relevant sources during the performance period, including contractual performance measures and objectives, DOE line management oversight, contractor self-assessments, operational history/events, and reviews by DOE and external organizations.

f. Self-Assessments of DOE Field Element Functions and Performance. DOE field elements have a structured, documented self-assessment program for S&S, ES&H, cyber security, and emergency management to ensure that DOE requirements are met. In addition, DOE field elements perform self-assessments of programmatic and line management oversight (e.g., security surveys, facility representative programs) to ensure that requirements and management expectations are met. The frequency of assessments of these functions must be commensurate with the risk of the activity being assessed.

INDEPENDENT OVERSIGHT PROCESSES

1. **REQUIREMENTS.** Independent oversight is conducted under the direct authority of the Secretary of Energy, and the results are provided to DOE line management and other appropriate interested parties such as Congress. Independent oversight performance evaluations at DOE sites provide an unbiased perspective on the effectiveness of DOE line management and contractors in ensuring that site operations are performed safely, securely, and in compliance with applicable requirements.

To ensure consistent implementation of oversight processes, the director of each independent oversight program establishes formal directives for activities to be conducted. These include DOE orders that address the independent oversight program and inspector protocols/guides and performance test methodologies that provide guidance on conducting oversight activities effectively.

2. **FOCUS.** Independent oversight processes focus on areas of potential risk to DOE, such as environment, safety, and health; safeguards and security; cyber security; and emergency management.
 - a. Unlike DOE line management oversight and contractor feedback and improvement programs, independent oversight is not intended to be comprehensive. In establishing priorities, independent oversight programs select specific sites, facilities, programs, and activities for review through a planning process that considers risks, hazards, past performance, facility conditions, changes in mission or operations, changes in contractors or management organizations, and other such factors.
 - b. A selective sampling approach provides for sufficient independent reviews of sites and programs while minimizing overlap with the DOE line management oversight activities conducted by the DOE field elements.
 - c. Written plans with evaluation criteria are developed for major assessments. The current and historical effectiveness of the DOE line management oversight programs and contractor feedback and improvement processes is a major factor in determining the scope, breadth, and depth of an inspection. In addition, independent oversight priorities and the sampling approach may change over time as conditions change or at the direction of the Secretary of Energy.
 - d. At the conclusion of independent oversight inspections, reports detailing assessment activities and results are documented and disseminated to DOE line management. Report development processes for validating information collected during assessments are established and implemented to ensure that findings and evaluations are based on factually accurate and valid information.
 - e. Independent oversight provides a judicious balance between reviews of documentation (e.g., procedures and records) and adequacy of implementation through performance tests and observation of work activities. A similar balance

is achieved for evaluations of systems (such as the DOE integrated safety management and integrated safeguards and security management systems); programs (e.g., radiation protection); facilities, and implementation of individual elements of those systems (e.g., specific work activities).

- f. Independent oversight activities, such as Office of Independent Oversight and Performance Assurance inspections, are different from DOE line management assessments in that they focus on the combined effectiveness of contractors and DOE line management in establishing site programs that meet DOE expectations. The selective evaluation of program implementation by contractors provides an indication of the effectiveness of DOE line management in providing direction and ensuring contractor performance.