

SUPPLEMENTAL DIRECTIVE

NNSA SD 226.1B

Approved: 8-12-16

NNSA Site Governance



NATIONAL NUCLEAR SECURITY ADMINISTRATION
Office of Safety, Infrastructure and Operations

CONTROLLED DOCUMENT

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OFFICE OF PRIMARY INTEREST (OPI):

Office of Safety, Infrastructure and Operations

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NNSA SITE GOVERNANCE

1. **PURPOSE.** This supplemental directive (SD) establishes the National Nuclear Security Administration (NNSA) Site Governance Model as the system that the Federal government and NNSA's contractor partners work within to help assure effective mission performance and operational excellence. The SD supplements the requirements of Department of Energy (DOE) Policy (P) 226.1B, *Department of Energy Oversight Policy* and DOE Order (O) 226.1B, *Implementation of DOE Oversight Policy*.

2. **CANCELLATION.**

- a. NA-1 SD 226.1A, *NNSA Line Oversight and Contractor Assurance System Supplemental Directive*, dated 10-17-08.
- b. NNSA Policy (NAP)-21, *Transformational Oversight and Governance*, dated 2-28-11.

Cancellation of a directive does not, by itself, modify or otherwise affect any contractual or regulatory obligation to comply with the directive. Contractor Requirements Documents (CRDs) previously incorporated into a contract remain in effect throughout the term of the contract unless and until the contract or regulatory commitment is modified to either eliminate requirements that are no longer applicable or substitute a new set of requirements.

3. **APPLICABILITY.**

- a. **Federal.** This SD applies to all Federal NNSA personnel who are involved on behalf of NNSA in managing, overseeing, or interfacing with NNSA Management and Operating (M&O), prime security, and prime environmental management contractors, and their sub-contractors.
- b. **Contractors.** The CRD provided as Attachment 1 of this SD sets forth requirements of this directive that apply to NNSA M&O, prime security, and prime environmental management contractors, referred to as "contractors" throughout this SD.

The CRD must be included in M&O, prime security, and prime environmental management contracts with NNSA.

Contractor corporate parent(s). This SD applies to the extent specified in the contract.

- c. Federal and contractor employees at NNSA-owned facilities.
- d. **Equivalency.** In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 United States Code sections 2406 and 2511 and to ensure consistency through the joint Navy/DOE Naval Nuclear Propulsion

Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this Directive for activities under the Director's cognizance, as deemed appropriate.

4. SUMMARY OF CHANGES. This SD builds upon and incorporates NA-1 SD 226.1A requirements, where applicable, for Federal oversight, assessment planning, operational awareness activities, and contractor assurance. This SD emphasizes the role of the contractor corporate parent(s), consistent with 3.b. above, and clarifies roles and responsibilities of Federal and contractor partners in developing integrated and transparent performance criteria that will result in improved mission outcomes. This SD includes administrative changes to conform to the document format and content requirements in NNSA SD 251.1, *Policy Letters: NNSA Policies, Supplemental Directives, and Business Operating Procedures.*
5. BACKGROUND. DOE P 226.1B established DOE's expectations for the implementation of a comprehensive and robust oversight process. DOE expects that the contractor's governance processes will provide reasonable assurance that the system of management controls, when properly implemented, provides an effective and efficient means of meeting applicable regulatory and mission requirements. NNSA leveraged key successes from DOE organizations with responsibility for overseeing M&O contractors to improve the Site Governance Model. These improvements, as laid out in SD 226.1B, are intended to provide guidance and process requirements that will foster an effective strategic relationship that involves timely, transparent, and open communications.

This SD relates specifically to the NNSA Site Governance Model, which consists of three separate but linked systems: Federal oversight, contractor assurance, and contractor corporate parent(s) oversight/assurance, that provide insight to mission performance.

6. REQUIREMENTS.
 - a. NNSA Site Governance Model
 - (1) NNSA must operate within a Site Governance Model that is comprised of three overlapping evaluative systems focused on continuous improvement of all activities and functional areas that can affect mission reliability: (1) the Federal NNSA team including program, functional, and field offices; (2) the contractor partner operating the sites or facilities; and (3) the contractor partner corporate parent(s), as specified by contract. Effective governance requires that all three entities work together to ensure reliable mission performance. (Attachment 2 of this SD provides details.)
 - (2) The depth of federal oversight must be determined based on the demonstrated strength of the contractor's management systems and the risks associated with less than satisfactory performance. High risk activities and areas with significant performance weaknesses must be evaluated to determine the necessary activity-specific oversight, as defined by the Federal Oversight Description Document.

- (3) The Site Governance System must be transparent and encourage efficiencies. Data generated from oversight and assurance activities must be shared to allow each partner to identify positive and adverse indicators and opportunities for improvement.

b. Contractor Site Level Assurance System

- (1) The contractor's internal assurance system must help the contractor identify, prioritize, and address issues which will affect mission performance. These include safety, security, quality, or any other operational/business issues that put or may put mission delivery at risk.
- (2) The contractor's assessment schedule for planned assessments must ensure transparency and clarity on risks, prioritization, and resource allocation. The rationale for planned assessments must be documented.

c. Federal Oversight System

- (1) The site Federal Oversight System Description which describes processes for evaluating contractor assurance, contractor performance and Federal assessment activities must be developed in collaboration with the NNSA field, functional, and program offices.
- (2) Federal offices (program, functional, and field) must follow Business Operating Procedure (BOP)-10.003, *Site Integrated Assessment Plan (SIAP) Development, Updating, and Reporting* to identify oversight activities.

d. Governance Peer Reviews

- (1) NNSA field oversight and contractor assurance systems must undergo peer review to evaluate implementation, to include the governance attributes provided as Attachment 2 of this SD.
- (2) Peer review teams must include the site contractor and Federal employees representing field offices, program, and functional offices, as available.
- (3) Each peer review team must submit and brief its reports on oversight or assurance to the Field Office Manager (FOM), the applicable program and the functional office(s), the Principal Deputy Administrator, Field Manager/Laboratory Director/Plant Manager, and the corporate parent board chairperson or equivalent (if consistent with the contract).

7. RESPONSIBILITIES.

a. Office of Policy (NA-1.1)

- (1) Review this SD periodically and make recommendations for any

necessary updates.

- (2) Evaluate the NNSA Site Governance Model for improvement.
 - (3) Review and retain site Federal Oversight System Descriptions.
- b. Office of Safety, Infrastructure & Operations (NA-50)
- (1) Serve as the office of primary interest for this SD.
 - (2) Recommend revisions and review recommended revisions to this SD from the contractor partners and NNSA offices. Resolve comments and transmit recommendations in accordance with NNSA SD 251.1.
 - (3) Identify and incorporate governance best practices into this SD, as applicable, and share lessons learned from one site to another.
 - (4) Develop training for NNSA organizations to assist their implementation of the governance model.
 - (5) Review annually and update training, as necessary, to ensure continuous improvement.
 - (6) Maintain awareness and oversight of field office operations and activities per NA-1 SD 226.1-1A, *Headquarters Biennial Review of Nuclear Safety Performance*, and unnumbered NA-50 document, *Approach to Safety Management Program Reviews*.
- c. NNSA Program Managers (PMs)
- (1) Allocate and oversee appropriated funds to execute work at NNSA sites, plants, and laboratories (as program office staff).
 - (2) Set program expectations, program goals and priorities, and integrate overall program plans and priorities.
 - (3) Establish general and site-specific program requirements to include scope, cost, and schedule; develop Program Implementation Plans and guidance for inclusion in appropriate Work Authorizations (WA); and evaluate contractor performance against program requirements.
 - (4) Provide technical direction, when necessary, to the contractor through an authorized Contracting Officer Representative (COR) or the Contracting Officer (CO) (with parallel communication to the field office(s)).
 - (5) Identify program needs. Determine site funding allocations, milestones, and expectations for site performance.

- (6) Track and evaluate program mission work performance by monitoring progress on program goals and objectives.
 - (7) Work with field offices and Functional Managers (FMs) to negotiate programmatic cross-site and site-specific performance goals and objectives and to assess progress on these goals and objectives. Resolve any mission impact due to Environment, Safety & Health (ES&H), quality, or safeguards & security issues, and other functional or program conflicts, considering input provided by the field office and the FMs.
 - (8) Seek out and consider input from the field offices and the FMs.
 - (9) Determine, on behalf of NNSA, whether actions taken or planned meet requirements for their program.
- d. NNSA Functional Managers (FMs)
- (1) Oversee requirements in their functional areas and support site implementation of cross-cutting functional areas (nuclear safety, safeguards and security, cyber security, ES&H, quality, emergency management, day-to-day operations/maintenance, business and contract management) to accomplish NNSA's mission.
 - (2) Coordinate with field offices and PMs to ensure strong functional area performance at the sites.
 - (3) Ensure functional considerations (safety/security/quality) are fully integrated in the field oversight process.
 - (4) Interpret, on behalf of NNSA, whether actions taken or planned meet requirements in their functional area.
 - (5) Maintain awareness and oversight of field office operations and activities through the survey/self/assessment requirements identified in DOE O 470.4B Admin Chg 1, *Safeguards and Security Program*. (Defense Nuclear Security, NA-70)
- e. Field Office Managers (FOMs)
- (1) Ensure the effectiveness of the NNSA Site Governance Model at their assigned site.
 - (2) Serve as the primary point of contact between NNSA and contractor leadership by maintaining consistent and open communication, fulfilling long-term site stewardship responsibilities, and performing critical functions while promoting continuity during contract transition.
 - (3) Lead the evaluation of the contractor's overall performance, including the

evaluation of and the use of contractor assurance system (CAS).

- (4) Approve the site Federal Oversight System Description and forward documentation to NA-1.1.
- (5) Perform system level oversight and drive performance through evaluation and engagement in nuclear safety and security while promoting efficient and effective mission performance across all programmatic areas.
- (6) Oversee operations conducted at the site and collaborate with PMs and FMs on issues where programmatic efforts may conflict with safety/security/quality concerns and mission needs.
- (7) Actively support the program offices and strive to enhance and reinforce information sharing between PMs and the contractor.
- (8) Balance programmatic execution against risks or concerns associated with operations and cross-cutting mission functions. Integrate operational decision-making at the site.
- (9) Accept, on behalf of NNSA, the risks associated with operations under their delegated authority. Exercise the resources needed to address any undesirable consequences, subject to concurrence of other affected line managers.
- (10) Ensure the COR effectively represents the PMs, FMs, and FOM requirements for the contractor.
- (11) Ensure that the CO incorporates the CRD into the contract. The Kansas City Field Office (KCFO) Manager reviews the requirements of this SD in accordance with the KCFO Operating Requirements Review Board process for applicability to the Kansas City National Security Campus contract.
- (12) Evaluate and approve the CAS description document that addresses and meets this SD. The CAS description must also meet the governance attributes provided as Attachment 2 of this SD.

f. NNSA FOMs, PMs and FMs

- (1) Share in the responsibility and accountability for mission accomplishment and site stewardship.
- (2) Engage directly and routinely with the federal team (program, functional, and field offices). Collaborate with each other to provide continuous oversight of mission performance while maintaining a DOE/NNSA enterprise-wide focus. Deliver consistent performance feedback to the contractor partners.

- (3) Work with PMs to resolve issues when the intended program scope may not be achievable or optimal. Must receive PM agreement prior to changing scope.
- (4) Assess their staffing needs to determine whether there are sufficient, qualified personnel to conduct oversight activities consistent with comprehensive policies and guidance. Oversight may include review of and insights from CAS performance data.
- (5) Produce written assessment plans consistent with Section 4.b.(2) of DOE O 226.1B.
- (6) Obtain and integrate each NNSA site contractor's assessment and peer review schedules that form the basis for planned integrated assessments and operational awareness activities.
- (7) Maintain cognizance of the contractor's processes to identify, prioritize, and address issues that affect mission performance.
- (8) Review DOE directives, jointly with the contractor partner, emphasizing directives that are under revision or are causing significant programmatic impacts. Recommend revisions to directly reference best practices and industrial or consensus standards in Departmental directives, in lieu of DOE-specific language. Request exclusion from the applicability statement when the directive is revised, as necessary.

g. Field Office Contracting Officers

- (1) Exercise the authority to obligate the government to enter into, administer, and/or terminate contracts and make related determinations and findings.
- (2) Appoint CORs and Delegates.
- (3) Administer the contract, to include ensuring compliance with laws, regulations, and the contract terms and conditions; issuing necessary contract modifications; determining allowable costs; and protecting the Government's interests.
- (4) Incorporate SD 226.1B into the "List of Applicable Directives" identified in the Laws, Regulations, and DOE Directives clause of the contracts.
- (5) Issue or amend the WA as directed by the FOM. Perform responsibilities and authorities consistent with WA process in accordance with applicable directives while ensuring all WAs are reviewed by the PM and FM funding the work.

8. REFERENCES.

- a. DOE P 226.1B, [*Department of Energy Oversight Policy*](#), 4-25-11.
- b. DOE O 226.1B, [*Implementation of Department of Energy Oversight Policy*](#), 4-25-11.
- c. DOE O 227.1A, [*Independent Oversight Program*](#), 12-21-15
- d. DOE O 251.1C, [*Departmental Directives Program*](#), 1-15-09
- e. DOE O 412.1A Admin Change 1, [*Work Authorization System*](#), 5-21-14
- f. DOE O 413.3B Change 2, [*Program and Project Management for the Acquisition of Capital Assets*](#), 5-12-16
- g. DOE O 414.1D Admin Change 1, [*Quality Assurance*](#), 5-8-13
- h. DOE O 470.4B Admin Change 1, [*Safeguards and Security Program*](#), 2-15-13
- i. NA-1 SD 226.1-1A, [*Headquarters Biennial Review of Nuclear Safety Performance*](#), 12-16-11.
- j. NNSA SD 251.1 Admin Change 1, [*Policy Letters: NNSA Policies, Supplemental Directives, and Business Operating Procedures*](#), 10-7-13
- k. NNSA SD 450.2 Admin Change 1, [*Functions, Responsibilities and Authorities Document for Safety Management*](#), 1-27-15.
- l. BOP-001.331, [*Budget Execution Headquarters Approved Funding Program \(HQ AFP\) and Work Authorization \(WA\) Business Operation Policy*](#), 01-02-02.
- m. BOP-10.003, [*Site Integrated Assessment Plan \(SIAP\) Development, Updating, and Reporting*](#), 1-18-12.
- n. Unnumbered NA-50 document, [*Approach to Safety Management Reviews*](#), 05-22-2015

9. DEFINITIONS.

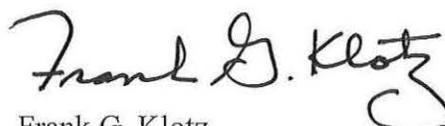
- a. Contracting Officer (CO): The person appointed by the NNSA Administrator to administer contracts.
- b. Contracting Officer Representative (COR): A Federal employee formally appointed by the CO in writing, with delegated authorities to act as an authorized representative of a CO for specified functions that do not include actions that could change the scope, price, terms or conditions of a contract (e.g., technical performance direction).

- c. Contractor Corporate Parent/Contractor Parent: An organization whose subsidiary or affiliated subordinated company has entered into a contract with NNSA. The role of contractor parent(s) with respect to this SD is specified in the applicable contract.
- d. Field Office Manager (FOM): Person appointed by the NNSA Administrator to lead a field office.
- e. Functional Manager (FM): Federal functional managers are mission enablers who provide technical assistance or subject matter expertise and resources to enable mission delivery in support of program and field offices to implement delegated responsibilities.
- f. Governance: The system of management and controls executed in the stewardship of the organization. In NNSA, governance is implemented through a collaborative partnership between Federal and contractor organizations to accomplish a common mission while still preserving the Federal independence needed to effectively function in NNSA's self-regulatory role.
- g. NNSA Site Governance (or Model or System): The single comprehensive governance system for a site that relies on the unique interrelationship inherent in the NNSA contracting model, corporate parent involvement, and Federal oversight. The relationship among the M&O contractor (or prime security contractor or prime environmental management contractor), the corporate parent(s), while specified in contract, and the NNSA Federal team, is built on trust and transparency to ensure a balanced approach to effective mission accomplishment.
- h. Peer Review: A process internal to NNSA, whereby teams of contractor (and parent representatives-consistent with the respective contracts) and Federal employees (from program, functional, and field offices) gather to assess and provide recommendations on a site governance system. The governance peer review process is meant to be collaborative; the team does not approve the Site Governance system. Reviewers may include representatives from other sites including those that had previously implemented contractor assurance.
- i. Performance-Based: An approach where greater emphasis is placed on the performance and risk impact of issues discovered rather than on simply the existence of specific non-compliance issues. Performance-based, system level oversight is used to assess contractor performance by evaluating the contractor's processes and management systems and the data normally generated by these systems. In a performance-based approach, the assessor addresses the localized, as well as the broader, impact of the issues against the overall adequacy, efficiency, and cost-effectiveness of what is being assessed.
- j. Program Office: A headquarters organization that is responsible for overseeing appropriated funding and executing program management functions. Programs

are national in scope and span multiple NNSA sites. The three core mission “pillars” within the NNSA are: (1) maintaining a safe, secure, and effective nuclear stockpile; (2) preventing, countering, and responding to the threats of nuclear proliferation and nuclear terrorism; and (3) providing propulsion for the United States nuclear navy. These constitute the main NNSA mission programmatic areas. NNSA Program Offices include Defense Programs (NA-10), Defense Nuclear Nonproliferation (NA-20), Naval Reactors (NA-30), Emergency Operations (NA-40), Safety, Infrastructure and Operations (NA-50), Defense Nuclear Security (NA-70), Counterterrorism and Counterproliferation (NA-80), and Information Management (NA-IM).

- k. Program Manager (PM): An element of DOE line management who is responsible for NNSA program execution. For the purpose of this SD, a Federal Project Director is considered a Program Manager and the authorities for capital construction are designated by the Administrator in each individual project execution plan.
 - l. Reliable Mission Performance: Performance by the contractor where (1) NNSA mission objectives are met; (2) workers, the public, and the environment are protected, assets are secure; and (3) operational and business systems are effectively managed within contract requirements.
 - m. Risk-Informed: A decision making approach whereby conclusions drawn from an assessment of past performance, hazards involved, and the likelihood and consequences of accidents are considered together with other factors to make decisions that better focus contractor and Federal oversight attention on design and operational issues commensurate with their importance to public health and safety.
 - n. System Level Oversight: In NNSA, system level oversight refers to a comprehensive, global oversight of all programmatic and functional activities that assess performance through evaluating the contractors’ processes and management systems and the data normally generated by these systems.
10. CONTACT. Associate Administrator for Safety, Infrastructure and Operations, NA-50, 202-586-8246.

BY ORDER OF THE ADMINISTRATOR:



Frank G. Klotz
Administrator

Attachments:

1. Contractor Requirements Document (CRD)
2. Attributes of NNSA Site Governance

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**ATTACHMENT 1: CONTRACTOR REQUIREMENT DOCUMENT (CRD)
NNSA SD 226.1B, NNSA SITE GOVERNANCE**

The Management and Operating (M&O), prime security, or prime environmental management contractor is responsible for complying with the requirements of this CRD. The contractor is responsible for flowing down the requirements of this CRD to sub-contractors at any tier to the extent necessary to ensure the contractor's compliance with the requirements.

The contractor oversees the operations conducted at the site and has insights of how programmatic efforts may conflict with safety/security/quality concerns and mission needs. Contractors balance National Nuclear Security Administration (NNSA) programmatic execution against risks or concerns associated with operations and cross-cutting mission functions. In collaboration with their field office and other Federal oversight authorities, contractors ensure that risks are communicated and accept, on behalf of NNSA, the risks associated with the operations they are authorized to perform.

This Attachment applies to the corporate parent(s) to the extent specified in the contract.

1. Each contractor shall adopt Attachment 1 (CRD) of Department of Energy (DOE) Order (O) 226.1B or demonstrate equivalency. NNSA site contractors shall operate within a Site Governance Model with three overlapping systems as described in Attachment 2 of NNSA Supplemental Directive (SD) 226.1B.
2. The contractor's senior officer (Director, President, Laboratory Manager, or designee) shall approve the contractor site level assurance system description document. The contractor shall provide the contractor assurance system (CAS) description document to the field office Contracting Officer for NNSA review and approval. The contractor shall submit any updates to the CAS description to the contractor senior officer for approval and the field office Contracting Officer for NNSA review and concurrence whenever significant changes occur.
3. Each contractor in conjunction with its NNSA field office shall jointly review DOE directives in the contract, or proposed to be in the contract, and provide recommendations on efficiencies to the appropriate NNSA headquarters (HQ) office.
4. The contractor shall undergo a peer review of the Site Governance System meeting the expectations of Attachment 2 of NNSA SD 226.1B, where applicable. Peer review teams include contractor employees and their parent representatives (if applicable and permitted by contract).
5. Each NNSA contractor shall plan, develop, maintain, and update an assessment schedule that is coordinated with the field office. The contractor shall document the basis for the planned assessments to ensure there is transparency and clarity on risks, prioritization, and resource allocation.
6. Each NNSA site contractor shall identify, prioritize, and address issues that will or may affect mission performance. These include safety, security, quality, or any other operational/business issues that put or may put mission delivery at risk.

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ATTACHMENT 2: ATTRIBUTES OF NNSA SITE GOVERNANCE

NOTE: All attachments, except Attachment 1 (which applies to contractors only), apply to both Federal and contractor employees.

National Nuclear Security Administration (NNSA) Site Governance System requires all the partners (the Federal team, contractor, and corporate parent(s)) working collaboratively to ensure reliable mission performance¹.

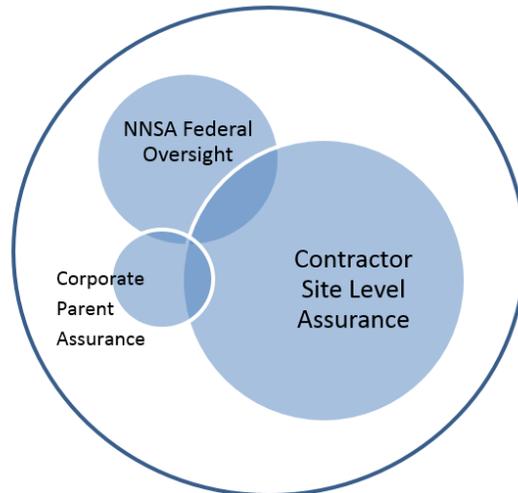


Figure 1: NNSA Site Governance Model

NNSA Site Governance System.

The following attributes are hallmarks of an effective Site Governance System. These attributes establish the framework for each site to begin evaluating their current assurance systems to determine whether improvement is necessary and where improvement initiatives should be focused in order to meet the expectations of the NNSA Administrator.

Attributes of an effective Site Governance System include:

- Experienced, competent Federal and Management and Operating (M&O) partner line managers.
- A trusting, transparent strategic partnership between NNSA, program/functional offices, and the field office, and site contractor management teams which benefits from the *constructive dynamic tension*² inherent in the contractual relationship.

¹ Reliable Mission Performance: Performance by the contractor where (1) NNSA mission objectives are met; (2) workers, the public, and the environment are protected, assets are secure; and (3) operational and business systems are effectively managed within contract requirements.

- A trusting, transparent strategic partnership between the NNSA leadership and the site contractor parent(s), to the extent permitted by contract.
- Federal and corporate parent oversight that is primarily system level and performance based.
- The site-level governance system which is updated as necessary to remain user-friendly, transparent, and is used to make risk-informed decisions to manage the site.
- Risk-informed operational decisions that are made as close to the work being performed as feasible.
- Factual, timely, and appropriately detailed information that flows to and from the headquarters (HQ) program offices, functional managers, Office of the Administrator, and the field office managers (FOMs), Contracting Officers (CO), and Contracting Officer's Representatives (COR) to ensure a focus on speaking with "One Voice."
- Clearly-defined roles and responsibilities between the NNSA FOM, program office, and functional office with well-defined, contractually enforceable Federal direction given only by the CO or the appointed CORs.
- Value-added and timely Government feedback to the contractor partners and intended to continuously improve safe/secure and efficient mission performance.
- Contracts where all partners are focused on continuous improvement and long-term safe/secure and efficient site mission performances.
- Contractor and Federal issues management systems that are aligned or well integrated to facilitate data mining.

Contractor Assurance System (CAS).

The CAS description document specifies how the CAS is integrated with Federal and corporate assurance systems, as well as key deliverables/commitments that will help validate compliance and mission performance. The system should manage and monitor all site activities that support the NNSA mission that could impact system reliability. The site level assurance system can be the contractor's corporate management system or a combination of components making up a "system." The site level assurance system should be built upon a foundation of enduring core principles that are appropriate for the mission performed at the site. These principles should include both a focus on day-to-day performance, as well as long-term mission, personnel, and

² The constructive dynamic tension involves economic aspects of the contract in which the government incentivizes the contractor to perform the highest priority mission objectives with safety, security, economy, and efficiency; through a learning organization that achieves continuous improvement. The government exploits that constructive dynamic tension to the financial benefit of the taxpayers, to the mission benefit of our citizens and allies, and to the operational benefit of our contractors.

infrastructure support needs such as future leader succession planning, key personnel retention, critical infrastructure monitoring, and quality-of-life improvements that better ensure the sustainability of enterprise resources critical to the success of our mission. The system should help the site to be a learning organization.

Attributes of an effective contractor's site level assurance system include:

- A comprehensive description of the governance system with processes, risks (and related mitigation), key activities, and accountabilities clearly identified.
- Timely notification and codification of significant governance system changes.
- Rigorous, risk-informed, credible self-assessments, and continuous feedback resulting in improvement activities, including utilization of nationally recognized experts and other independent reviews, to assess and improve the contractor's work process through independent risk and vulnerability studies.
- Comprehensive analysis and evaluation of relevant performance data to identify negative performance trends, extent of condition, and systemic problems that should be corrected before they become significant issues.
- A site level issues management system to identify and track issues to closure. The issues management process supports categorization, tracking, trending, and analysis of performance data. Corrective actions are clear, appropriate, and effective.
- Integration of the governance system with other management systems including Integrated Safety Management, Quality Assurance, and Integrated Safeguards and Security Management.
- Metrics and targets to assess performance, including benchmarking of key functional areas with other DOE/NNSA contractors, industry, and research institutions.
- Integration of external input received from the field office, NNSA, and DOE programmatic elements, corporate parents, the DOE Inspector General, the Government Accountability Office, other Federal and State regulators, and Chief Financial Officer Act financial auditors.
- Timely, transparent, and appropriate communication of governance related information to the FOM.
- Clearly defined integrated baseline performance expectations.
- Coordination with the NNSA field office to jointly review DOE directives and recommend revisions to the Office of the Administrator (via NA-50).
- Identifying and notifying the field office of best practices that may improve the Site Governance System.

- Where appropriate, sharing of lessons learned from accidents and near-miss events and incorporation into projects, programs, or day-to-day operations.

Corporate Assurance.

The contractor parents bring depth and breadth of experience that could benefit the site. To the extent required by the contract, each corporate parent company(s) is expected to monitor and support the contractor partner in ensuring it can continue to meet the expectations of the government. The parent(s) should establish a system that effectively monitors and measures assurance. In light of the corporate performance guarantees contained in the contracts, it is beneficial for the corporate organization to quickly address management or leadership issues within the contractor organization. The corporate parent lead (Board of Director Chairman or equivalent) should have periodic and on-going communication with the NNSA Administrator (NA-1) and the Principal Deputy Administrator regarding site status and issues. The contractor corporate board should also meet periodically with the FOM on how the contractor leadership team is working with the Federal team (both at the site and at NNSA HQ).

Attributes of an effective corporate assurance system include:

- Monitoring and evaluation of site metrics and performance goals relative to the contract and benchmarking.
- Support for staffing shortages, staff development, and retention programs to cultivate the workforce of the future.
- Periodic evaluation and corporate functional input of the site contractor organizational structure and leadership team effectiveness (e.g., engagement, cohesion, working relationship with field office, and NNSA HQ).
- Periodic and on-going dialog with NA-1, the Principal Deputy Administrator, FOM, and other senior HQ management and key stakeholders.

Federal Oversight.

The NNSA Federal oversight team consists of three entities: Programmatic elements, Functional elements, and field offices. HQ functional leads, in conjunction with the FOM, perform oversight in key functional areas as shown in Table 1. Depending upon the particular site and its hazards, key functional areas (asterisked) may pose higher risk to the mission, gain increased public attention when upsets occur, or pose greater risks to the public and/or the environment. For those functional areas that are designated with an asterisk, joint responsibility is shared between the HQ Functional organizations and the field office for performance. For those functional areas (e.g., day-to-day operations, Environment, Safety & Health (ES&H) and Quality, business and contract management) responsibility resides primarily with the field office, leveraging functional and programmatic resources as appropriate to ensure contractual compliance and effective performance.

Table 1 - NNSA Field Office Oversight Functional Areas

Field Oversight Functional Areas
High Hazard Operations, including Nuclear Safety**
Safeguards and Security**
Cyber Security**
Emergency Management**
ES&H (other than high hazard operations) and Quality
Day-to-day Operations/Maintenance
Business and Contract Management

Note: Functional areas marked with “**” are given higher priority and greater emphasis due to their higher potential for mission impact.

Attributes of an effective Federal oversight system include:

- Experienced and qualified FOM and senior leadership with good rapport and trust with the contractor senior leadership, as well as with HQ elements that meet regularly with their counterparts and periodically as a group to discuss site mission performance.
- Field Office support promotes programmatic communications between the contractor and program managers.
- Qualified technical staff, especially in key or unique functional areas (e.g., CORs, facility representatives, subject matter experts).
- Level and type of oversight activities are graded based on potential to impact site mission performance.
- Flexible, integrated assessments that leverage the contractor site level governance system activities wherever possible.
- Positive recognition and reinforcement when contractor partner self-identifies site problem areas.
- Periodic (e.g., weekly) integrated field office meetings to discuss closure of existing issues and emerging trends and potential new issues. HQ programmatic and functional offices examine performance trends across the sites.
- A site level issues management system to identify and track issues to closure.
- Frequent informal interaction between field office and the contractor partner senior management, where performance feedback on site mission reliability is discussed.

- Periodic, formal feedback that is provided to the contractor partner at the system level (e.g., for noted site program weaknesses that are not being sufficiently addressed by contractor's assurance system(s)).
- Field office oversight activities primarily focused on system level performance.
- NNSA Federal graded approach for compliance-based assessments required by DOE Orders performed by HQ functional support as requested by the FOM. FOM has the lead responsibility for contractor partner interactions, including audit schedules, findings, and required corrective actions.
- Clearly defined integrated baseline performance expectations.
- Direct and routine engagement by HQ programmatic and functional leadership with the FOM, CO, and CORs to discuss performance highlights and concerns in order to foster the "One Voice" expectation for performance feedback to the contractor partners.
- Where appropriate, shared lessons learned from accidents and near-miss events with the sites and HQ offices.