

**SUBJECT: POLICY FOR FEDERAL OVERSIGHT AND CONTRACTOR ASSURANCE
SYSTEMS**

PURPOSE AND SCOPE

This Policy establishes the Department of Energy's (DOE) expectations for the implementation of a comprehensive and robust oversight process that enables the Department's mission to be accomplished effectively, efficiently, safely, and securely by utilizing and leveraging the outcomes and information from effective Contractor Assurance Systems (CAS) to inform the Government's oversight wherever appropriate. This policy supersedes the existing CAS policy (DOE P 226.1B), expands the scope of CAS beyond the environment, safety, security, and health areas to include business and financial systems, and emphasizes the importance of establishing and maintaining productive relationships between contractor, Federal, and corporate parent personnel. As used in this Policy, any reference to DOE is also meant to include the National Nuclear Security Administration (NNSA).

POLICY

Effective oversight of the DOE contractor complex should be integrated into all operations such that all personnel, Federal and contractor alike, are responsible and accountable for conducting their missions to the highest standard. CAS are applied to all operating and business functions including systems for the protection of the worker, public, environment, property, business, and financial matters. The principles of trust, accountability, integrity, and respect, along with frequent and open communication, must be the foundations upon which our mission is performed. Contractors should responsibly oversee their own work, identify concerns and reliably report unexpected adverse outcomes to prevent recurrence.

CAS are designed and utilized by contractors to manage performance consistent with contract requirements. CAS enables the corporate parent, if applicable, to assess performance, provides data to the contractor's management decision-making process, and allows the contractor to more effectively manage processes, resources and outcomes. CAS provide clear communication of the mission needs and goals and enable DOE to determine the necessary level of Federal oversight. Under CAS, contractors provide reasonable assurance that their management controls are effective and efficient. CAS are risk-based systems that focus on outcomes and seek to minimize performance risk.

CAS are an integral component of a contractor's management systems and DOE's Enterprise Risk Management. The Department integrates its oversight activities with CAS (both at individual sites and with the larger family of CAS for activities across the complex) to confirm the adequacy of the contractor's internal controls and integrated management systems.

Attributes of effective assurance and oversight processes include the following:

- (1) Contractor Assurance Systems
 - are tailored to meet the needs and unique risks of each site or activity
 - include methods to perform rigorous self-assessments
 - conduct feedback and continuous improvement activities
 - establish metrics to identify and correct negative performance trends
 - include independent reviews
 - assure that corrective actions implemented are effective
 - share lessons learned
- (2) DOE oversight programs, including independent oversight, include the following:
 - designed and conducted commensurate with the level of risk of the activities
 - higher priority and greater emphasis are given to oversight of activities with potentially high consequences¹

DOE line management will assure contract compliance by monitoring planned, ongoing, and accomplished work and providing timely feedback to the contractor on matters deserving attention. In parallel, the contractor's assurance systems must be transparent and the contractor must continue to pursue mission excellence.

BY ORDER OF THE SECRETARY OF ENERGY:



ELIZABETH SHERWOOD-RANDALL
Deputy Secretary

¹ These activities include, but are not limited to, Hazard Category 1 and 2 nuclear facilities and activities to protect strategic quantities of special nuclear material and highly sensitive information assets.