

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

ORDER

NE O 227.1

Approved: August 2025

SUBJECT: INDEPENDENT OVERSIGHT PROGRAM

1. PURPOSE. To prescribe the requirements and responsibilities for the Department of Energy (DOE) Independent Oversight Program. The DOE Independent Oversight Program is implemented by the Office of Enterprise Assessments (EA). EA is an independent office within DOE in that it has no line management or policy-making responsibilities or authorities. The Independent Oversight Program comprises one element of DOE's multi-faceted approach to oversight as described in NE P 226.2, *Policy for Federal Oversight and Contractor Assurance Systems*, current version. Effective oversight, including independent oversight, of DOE federal and contractor operations is an integral part of the Department's responsibility as a self-regulating agency to provide assurance of its safety and security posture to its leadership, its workers, and the public. The Independent Oversight Program is designed to enhance DOE safety and security programs¹ by providing the Secretary and Deputy Secretary of Energy, Under Secretaries of Energy, other DOE managers, senior contractor managers, Congress, and other stakeholders with an independent evaluation of the adequacy of DOE policy and requirements, and the effectiveness of DOE and contractor line management performance and risk management in safety and security and other critical functions as directed by the Secretary. The requirements in this directive are designed to ensure that the Independent Oversight Program is implemented in a transparent, efficient, and constructive manner to support the safe and secure accomplishment of DOE's missions.
2. CANCELS/SUPERSEDES.

This Order applies in lieu of DOE O 227.1A (current version) with respect to the facilities and activities covered by paragraph 3. 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) that have been 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contract unless and until the contract or regulatory commitment is modified to either eliminate requirements that are no longer applicable or substitute a new set of requirements.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.

¹ Throughout this directive, safety and security programs means (1) programs for the protection of the public, the environment, and worker health and safety; and (2) programs for the protection of security assets to include special nuclear materials and sensitive and classified information in all forms. This includes cyber security and emergency management programs.

- a. Departmental Elements. This Order applies to all Departmental elements including NNSA, and their associated field element(s),^[1] to the extent they are involved with facilities and activities described in paragraph 3.b.
 - b. NE Facilities and Activities. Except as stated in paragraph 3.d., this Order applies to all facilities and activities under the responsibility of the Office of Nuclear Energy (NE), including nuclear facilities and nuclear activities authorized by NE. Such nuclear activities include the design, construction, management, operation, decontamination, decommissioning, or demolition of nuclear facilities.
 - c. Contractors. Except as stated in paragraph 3.d., the Order sets forth conditions to be applied to contractors performing work that involves facilities and activities described in paragraph 3.b. The CRD must be included in contracts under which the contractor is involved with such facilities and activities.
 - d. Equivalencies and Exemptions
 - 1. Exemption. In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 United States Code (U.S.C.) 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.
 - 2. Exemption. This Order does not apply to activities regulated by either the Nuclear Regulatory Commission (NRC) or the authorities of a State under an agreement with the NRC per the Atomic Energy Act of 1954, as amended (AEA).
 - 3. Other Equivalencies/Exemptions. Any other equivalency or exemption to this Order requires the approval of the Office of Nuclear Energy's Safety Basis Approval Authority (SBAA). Requests for exemptions/equivalencies will be adjudicated by NE's SBAA within 14 calendar days of receipt of a substantially complete request.
4. REQUIREMENTS.
- a. Independent Oversight Activities.
 - (1) EA must conduct independent evaluations (hereafter referred to as Independent Oversight appraisals) of DOE sites, facilities, projects,

^[1] Operations offices, service centers, site offices, field offices, area offices, production offices, project management offices, government-owned government-operated facilities and regional offices of federally-staffed laboratories that report directly to a DOE Headquarters office.

organizations (including DOE Headquarters), and operations to evaluate the effectiveness of DOE and contractor line management performance and risk management in implementing and overseeing safety (nuclear and industrial) and security (cyber and physical) programs, including line oversight and contractor assurance systems (see NE O 226.1, *Implementation of Department of Energy Oversight Policy*, current version). EA must also evaluate the adequacy of DOE policy, and other critical areas when directed by the Secretary.

- (2) EA must evaluate performance and management of safety and security risks against applicable laws, statutes, rules, executive orders, national standards, DOE directives, DOE-approved plans and program documents (e.g., security plans, emergency plans, authorization basis documents, worker safety and health programs, quality assurance program plans), site-specific procedures, and contractual requirements. This includes requirements promulgated by Program Secretarial Officers and formally authorized for use by organizations under their cognizance.
- (3) EA must use a formal documented process to manage and conduct Independent Oversight appraisals that are published and accessible to DOE employees (see the *Independent Oversight Appraisal Process Protocols* available at <http://energy.gov/ea/services/assessments>).
- (4) Independent Oversight appraisals must be prioritized on areas of greatest potential risks and implemented in a manner that supports DOE line management in accomplishing its line management oversight and achieving DOE mission objectives safely and securely. Higher priority and greater emphasis is placed on conducting Independent Oversight appraisals of high consequence activities, such as nuclear project design, construction and commissioning; high hazard nuclear operations; protection of high value security assets (e.g., Category I quantities of special nuclear material and classified information assets, including special access programs, Sensitive Compartmented Information, and such Restricted Data Sigma categories as 14, 15, 18, and 20); DOE systems and assets that are critical infrastructure as defined by Presidential Policy Directive/PPD-21, *Critical Infrastructure Security and Resilience*; systems or programs that can have widespread impacts (e.g., interconnected computer networks); and Independent Oversight appraisals required by DOE directives. Other areas of consideration for Independent Oversight appraisals are organizations whose performance may present significant risk (e.g., less than expected safety or security performance records and/or serious or recurring incidents or violations of requirements).
- (5) Persons who perform Independent Oversight appraisals must be technically qualified and knowledgeable in the areas they assess.

- (6) EA will encourage managers from the line organization subject to an appraisal to observe appraisal activities. EA will encourage and accommodate appraisal augmentees from other organizations whenever feasible (see the *Independent Oversight Appraisal Process Protocols*).

b. Appraisal Planning.

- (1) Independent Oversight appraisal activities must be coordinated with affected DOE line management and staff offices to promote efficient and effective use of resources. EA appraisal schedules will take into consideration Program Office and Field Element assessment plans and schedules. Disagreements regarding scheduling appraisals that cannot be resolved between the cognizant EA Office Director and cognizant manager must be elevated through organizational management levels up to and including the Deputy Secretary for resolution.
- (2) EA will issue an appraisal plan before each appraisal that communicates the scope, schedule, and team composition for the appraisal to the line management of the organization subject to the appraisal, to include representatives of the applicable program office and field element. In some cases, an appraisal plan may cover a series of related appraisals at a site or similar appraisals to be conducted at multiple sites. EA will notify the cognizant DOE line management if circumstances or conditions are identified that necessitate deviating from the documented scope of the appraisal.
- (3) Upon EA request, DOE and contractor management will provide access to facilities, managers and staff, and documents or other data. Organizations subject to appraisals must identify access requirements (e.g., security, training, personal protective equipment) with sufficient lead time to allow Independent Oversight personnel to gain prompt access to sites, facilities, and/or networks at the onset of an appraisal.
- (4) EA must assure that appraisal team members have no conflict of interest or appearance of conflict of interest with the subjects they review.
- (5) Select Independent Oversight appraisal activities require Federal and contractor representatives to serve as trusted agents. Trusted agents assist in planning and conducting performance tests, and must accomplish this without divulging or compromising sensitive testing information. The number of trusted agents representing the site or organization must be kept to the absolute minimum, and trusted agents must have the authority to make decisions regarding testing details on behalf of their facility/organization.
- (6) Most Independent Oversight appraisals will be announced in advance to the responsible DOE and contractor organization to promote effective coordination and efficient resource utilization. Where EA determines that

unannounced appraisals are necessary to evaluate safety and security performance (e.g., cyber security penetration testing, limited notice performance testing of critical physical and information security controls), trusted agents from responsible DOE Program Offices and Field Elements will be consulted in advance and kept informed as the unannounced appraisal is conducted. Safety and security considerations are paramount in planning and conducting unannounced appraisals.

c. Conduct of Appraisals.

- (1) The EA appraisal team leader must provide informal written (preferable) or verbal information on preliminary observations from the appraisal to line management's designee at the conclusion of onsite data collection activities.
- (2) EA must document all of its Independent Oversight appraisal activities. The appraisal documentation must identify the overall effectiveness of the DOE and/or contractor organization in managing the appraised functions and any "findings" that represent risks to the mission and warrant a high level of management attention. EA appraisal documents may also list specific implementation "deficiencies"; suggested "opportunities for improvement" to assist cognizant managers in improving programs and operations; and any identified "best practices" that could help other DOE organizations solve challenging problems (see Definitions in Appendix 1). Findings must reference applicable requirements to facilitate disposition by the site's or program's issues management system. Appraisals may also identify ratings (e.g., effective performance, needs improvement, or significant weakness) where appropriate to convey the appraisal results.
- (3) The factual accuracy of appraisal results must be verified by the cognizant DOE management responsible for the program or activity. Disagreements regarding the factual accuracy of the appraisal results or findings that cannot be resolved between the cognizant EA Office Director and the cognizant manager must be elevated through organizational management levels up to and including the Deputy Secretary for resolution.
- (4) EA must coordinate with the affected cognizant Program Secretarial Officers, DOE Field Elements, and Under Secretaries before briefing other DOE personnel on appraisal results. EA must coordinate with the affected DOE organizations and the Departmental Representative to the Defense Nuclear Facilities Safety Board (DNFSB) before briefing the DNFSB. The secretarial officer and/or DOE Field Element manager must be offered the opportunity to address the appraisal outcomes.

d. Response to Major Vulnerabilities or Imminent Danger.

- (1) EA personnel must notify the cognizant DOE manager verbally as soon as possible and provide written notification within 24 hours when appraisal activities indicate either of the following conditions:
 - (a) an imminent danger or condition that presents an unacceptable immediate risk to workers, public health, or the environment, or
 - (b) a major vulnerability (e.g., unacceptable risk of special nuclear material theft or diversion, radiological or industrial sabotage, espionage, or significant compromise of classified information).
- (2) When notified of either of the above conditions, cognizant DOE management must take actions to mitigate the short and long-term risk, and must notify the Program Secretarial Officer and EA within 10 working days of actions taken and any compensatory measures planned.
- (3) If the cognizant DOE management disagrees with EA's characterization of the severity of the identified condition or the need for prompt action, this must immediately be brought to the attention of the Program Secretarial Officer or NNSA Administrator or Under Secretary as applicable, and EA Director for resolution.

e. Corrective Actions.

- (1) Corrective action plans must be developed and implemented for Independent Oversight appraisal findings. Cognizant DOE managers must use site- and program-specific issues management processes and systems developed in accordance with NE O 226.1, current version to manage and approve these corrective action plans and track them to completion. For findings and corrective actions pertaining to safeguards and security (excluding cyber security) activities, the DOE Safeguards and Security Information Management System (SSIMS) must be used for this purpose (reference NE O 470.4, *Safeguards and Security Program*, current version). Other deficiencies identified in appraisal reports must be managed in accordance with NE O 226.1 processes and Quality Assurance Programs established to meet the requirements of NE O 414.1, *Quality Assurance*, current version.
- (2) At the discretion of the EA Director, or when requested by the cognizant DOE manager, EA must review the adequacy of proposed corrective action plans developed in response to appraisal results and provide comments for consideration.
- (3) EA must establish and implement a tailored approach for following up on findings based on significance and complexity. The approach must include selected appraisals to review the timeliness and adequacy of corrective

actions, verify and validate the effectiveness of the corrective actions, and confirm closure of findings.

- (4) Cognizant DOE managers must provide EA with information on corrective actions related to appraisals of their organization, sites, and/or contractor activities when requested.
- (5) Disagreements regarding the adequacy, timeliness, or effectiveness of corrective actions that cannot be resolved between the cognizant EA Office Director and the cognizant DOE manager must be elevated through organizational management levels until resolution is obtained. If needed, issues must be elevated to the Deputy Secretary for resolution.

5. RESPONSIBILITIES.

a. Program Secretarial Officers.²

- (1) Where appropriate, review and provide comments on the factual accuracy of draft appraisal reports.
- (2) Take timely and appropriate action to address findings identified in appraisal reports and approve corrective action plans as appropriate. Address other deficiencies identified in appraisal reports in accordance with established issues management processes (NE O 226.1, current version) and quality assurance programs (NE O 414.1, current version).
- (3) Provide EA with requested documentation, points of contact, and access to sites, facilities, networks, and operations in support of appraisal activities.
- (4) Work with the EA Director to resolve disagreements on appraisal schedules, appraisal results, or findings that are unable to be resolved at lower organizational levels. Escalate those issues to the Deputy Secretary, if necessary, to achieve resolution.
- (5) Ensure that appraisal findings and corrective actions pertaining to safeguards and security (excluding cyber security) activities are entered into SSIMS.

b. Director, Office of Enterprise Assessments.

- (1) Direct and manage the safety and security Independent Oversight Program.

² In most cases, the program secretarial officer is also the lead program secretarial officer for a site or facility. If the program secretarial officer is not also the lead program secretarial officer, the program secretarial officer is responsible for coordinating with the lead program secretarial officer on any findings that require input or action from the lead program secretarial officer.

- (2) Develop and maintain documents that describe the safety and security Independent Oversight Program and implementing methods.
- (3) Ensure that senior EA management oversight is provided for all appraisal planning, conduct, and reporting.
- (4) Determine the appropriate distribution of appraisal reports, to include applicable Program Office representatives and Heads of Field Elements, and lessons learned information resulting from appraisals.
- (5) Provide updates, as appropriate, on the status of appraisals to the Secretary, Deputy Secretary, Under Secretaries, Program Secretarial Officers, and applicable Offices of Primary Interest (OPI) for DOE directives.
- (6) Brief senior DOE officials, including the NNSA Administrator, Under Secretaries, Program Secretarial Officers, OPI managers, Heads of Field Elements, and senior representatives of affected contractors on the results of appraisal activities where appropriate.
- (7) Notify the DOE Inspector General when appraisal activities identify concerns involving potential criminal activities and/or waste, fraud, and abuse.
- (8) Work with Program Secretarial Officers to resolve disagreements on appraisal schedules, appraisal results, or findings that are unable to be resolved at lower organizational levels. Escalate those issues to the Deputy Secretary, if necessary, to achieve resolution.
- (9) Direct and manage the National Training Center (NTC) to ensure lessons learned from Independent Oversight activities are integrated into NTC safety and security training courses.
- (10) Notify the applicable Program Secretarial Officer when findings identified by EA have not been resolved effectively or in a timely manner.

c. Directors, Office of Safeguards and Security Assessments; Office of Cyber Assessments; and Office of Environment, Safety and Health Assessments.

- (1) Coordinate the scheduling, notification, and planning of appraisal activities with appropriate Program Secretarial Officers and/or Heads of Field Elements.
- (2) Ensure that appraisal teams are comprised of an appropriate number of qualified personnel and are effectively supervised during planning, conduct and reporting of appraisal results.

- (3) Coordinate with the applicable OPIs to ensure accurate understanding of requirements related to safety and security findings and deficiencies identified during appraisals.
- (4) Formally notify the applicable OPI when findings or deficiencies relating to DOE policy are identified during appraisals.
- (5) Post the title and date of all final appraisal reports on the appropriate EA website. Post a copy of final appraisal reports that do not contain or reveal classified or controlled unclassified information.

d. Director, Office of Cyber Assessments

- (1) In addition to other cyber security appraisal activities, conduct appraisals of DOE national security systems, including national security systems processing intelligence information, to meet the annual independent evaluation requirements of the Federal Information Security Management Act.
- (2) Perform the annual evaluation of security vulnerabilities on NNSA national laboratory computers for submittal to the National Counterintelligence Policy Board.

e. Heads of Field Elements.

- (1) Identify contracts to which the CRD requirements should apply and notify the cognizant contracting officers.
- (2) Review and comment on the factual accuracy of draft appraisal reports.
- (3) Take timely and appropriate action to address the findings identified in appraisal reports and approve corrective action plans as appropriate. Address other deficiencies identified in appraisal reports in accordance with established issues management processes (NE O 226.1, current version) and quality assurance programs (NE O 414.1, current version).
- (4) Provide EA with requested documentation, points of contact, and information concerning programs under their jurisdiction; ensure necessary support for appraisal activities, including access to sites, facilities, networks, and operations; and provide work space for appraisal teams.
- (5) Ensure cooperation from the DOE contractor(s) to the degree necessary to ensure compliance with Section 5.e.(4), working through the contracting officer(s) as needed.

f. Contracting Officers. Incorporate the CRD into contracts in a timely fashion upon notification of its applicability. If delegated the authority from the Head of the

Field Element, the contracting officer may incorporate equivalent contract clauses or requirements into contracts in lieu of the CRD.

- g. Executive Secretary of the Special Access Program Oversight Committee. Assist EA in obtaining access to special access programs as required to provide effective independent oversight of the overall DOE security program.
- h. Offices of Primary Interest (for DOE Directives).
 - (1) As applicable, review and comment on the factual accuracy of draft appraisal reports.
 - (2) Develop, implement, and track to completion corrective actions for Independent Oversight findings related to policies or activities of the OPI.
 - (3) Provide clarification regarding requirements contained in DOE directives under their cognizance.

6. REFERENCES.

- a. NE P 226.2, *Policy for Federal Oversight and Contractor Assurance Systems*, current version, which establishes DOE's expectations for implementation of a comprehensive and robust oversight process.
- b. NE O 226.1, *Implementation of Department of Energy Oversight Policy*, current version, which establishes requirements and provides direction for implementing NE P 226.2.
- c. NE O 414.1, *Quality Assurance*, current version, which establishes requirements for ensuring that DOE work meets requirements and expectations, and that quality improvement is effected through rigorous assessments and effective corrective actions.
- d. NE O 470.1, *Safeguards and Security Program*, current version, which establishes requirements and responsibilities for managing DOE safeguards and security programs, including managing safeguards and security-related corrective actions.
- e. Presidential Policy Directive/PPD-21, *Critical Infrastructure Security and Resilience*, which establishes a national policy and Federal government roles and responsibilities for strengthening the security and resilience of United States critical infrastructure against physical and cyber threats.

7. DEFINITIONS. See Appendix 1.

8. CONTACT. Questions concerning this Order should be directed to the Office of Nuclear Energy.

NE O 227.1
August 2025

BY ORDER OF THE SECRETARY OF ENERGY:



JAMES P. DANLY
Deputy Secretary

DEFINITIONS

Appraisal: An appraisal is an Independent Oversight activity conducted by the Office of Enterprise Assessments to evaluate the effectiveness of line management performance and risk management or the adequacy of DOE policies and requirements.

Best Practice: A best practice is a safety or security-related practice, technique, process, or program attribute observed during an appraisal that may merit consideration by other DOE and contractor organizations for implementation because it: (1) has been demonstrated to substantially improve safety or security performance of a DOE operation; (2) represents or contributes to superior performance (beyond compliance); (3) solves a problem or reduces the risk of a condition or practice that affects multiple DOE sites or programs; or (4) provides an innovative approach or method to improve effectiveness or efficiency.

Cognizant Manager: The DOE field or Headquarters manager who is directly responsible for program management and direction, and the development and implementation of corrective actions. Cognizant managers may be line managers or managers of support organizations.

Deficiency: A deficiency is an inadequacy (e.g., failure to implement a requirement or meet a performance standard) that is found during an appraisal. Deficiencies may serve as the basis for one or more findings.

Directives: Directives are defined in DOE Order 251.1, *Departmental Directives Program*, current version.

Findings: Findings are items identified in appraisal reports that warrant a high level of attention on the part of management and aspects of a program that do not meet the intent of DOE policies and requirements. If left uncorrected, findings could adversely affect the DOE mission, the environment, worker safety or health, the public or national security. Findings define the specific nature of the deficiency, whether it is localized or indicative of a systemic problem, and identify which organization is responsible for corrective actions.

Imminent Danger: Conditions or practices in the workplace where a danger exists which could reasonably be expected to cause death or serious physical harm either immediately or before the abatement of such danger, through normal procedures, would otherwise be required.

Independent Oversight: Independent oversight refers exclusively to oversight by DOE Headquarters organizations that do not have line management responsibility for the activity. Oversight by supporting organizations that are direct reports to line management is not considered DOE independent oversight. Within DOE, the sole responsibility for independent oversight of safety and security programs resides with the Office of Enterprise Assessments, reporting directly to the Office of the Secretary of Energy.

Line Management: Line management refers the unbroken chain of responsibility that extends from the Secretary of Energy to the Deputy Secretary, to the Secretarial Officers who set program policy and plans and develop assigned programs, to the program and Field Element Managers, and to the contractors and subcontractors who are responsible for execution of these programs. It is distinct from

DOE support organizations, such as the Office of Environment, Health, Safety and Security, Office of Management, and Office of the Chief Information Officer, which also have responsibilities and functions important to security and safety.

Major Vulnerability: A vulnerability which, if detected and exploited, could reasonably be expected to result in a successful attack causing serious damage to the national security.

Opportunities for Improvement: Opportunities for improvement are suggestions offered in Independent Oversight appraisal reports that may assist cognizant managers in improving programs and operations. While they may identify potential solutions to findings and deficiencies identified in appraisal reports, they may also address other conditions observed during the appraisal process. Opportunities for improvement are provided only as recommendations for line management consideration; they do not require formal resolution by management through a corrective action process.

Performance Testing: Activities conducted to evaluate all or selected portions of safety and security systems, networks, or programs as they exist at the time of the test. Performance testing includes, but is not limited to, force-on-force exercises, tabletop exercises, knowledge tests, limited-scope performance tests, limited-notice performance tests, penetration testing, vulnerability scanning, continuous automated scanning, and cyber security "red teaming." Performance testing can be conducted as part of a scheduled appraisal activity (i.e., announced), or without prior knowledge of the entity being tested (i.e., unannounced).

Policy: The term "DOE policy" or "policy" when used in lower case in this Order is meant to be all inclusive of documents describing the philosophies, fundamental values, administration, requirements, and expectations for operation of the Department. It includes but is not limited to DOE Policies issued under DOE O 251.1, current version.

Program Secretarial Officers: Heads of DOE Departmental Elements listed on the Office of Management website at https://www.directives.doe.gov/references/doe_departmental_elements.

Safety and security programs: Includes (1) programs for the protection of the public, the environment, and worker health and safety; and (2) programs for the protection of security assets to include special nuclear materials and sensitive and classified information in all forms. Within the scope of this directive, safety and security programs include cyber security and emergency management programs.

CONTRACTOR REQUIREMENTS DOCUMENT
NE O 227.1, *Independent Oversight Program*

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.

The contractor must meet the following requirements:

1. When notified by EA of an imminent danger or condition or major vulnerability that presents an unacceptable immediate risk to workers, the public, the environment, or national security, the responsible contractor organization must take the following actions in coordination with DOE line management:
 - a. promptly identify and implement immediate compensatory actions to mitigate the condition,
 - b. within 5 working days, notify the cognizant DOE line manager of actions taken and compensatory measures planned, and
 - c. develop and implement actions (including determining costs and identifying funds) to eliminate the vulnerability or reduce the level of risk to an acceptable level as soon as possible.
2. When requested, the contractor must review and provide comments on the factual accuracy of draft appraisal reports through the responsible DOE field element.
3. Draft appraisal reports must be controlled by contractor personnel.
4. The contractor must prepare, implement, and track to completion corrective actions to address findings identified in EA appraisal reports. Other deficiencies identified in appraisal reports must be managed in accordance with established issues management systems (NE O 226.1, current version) and quality assurance programs (NE O 414.1, current version).
5. The contractor must provide information on corrective actions to DOE when requested to support EA appraisal activities.