




**Department of Energy**  
**National Nuclear Security Administration**  
Washington, DC 20585

OFFICE OF THE ADMINISTRATOR

**MEMORANDUM FOR EDWIN L. WILMOT, MANAGER**  
**LOS ALAMOS SITE OFFICE**

**FROM** LINTON F. BROOKS   
**ADMINISTRATOR**  
**NATIONAL NUCLEAR SECURITY ADMINISTRATION**

**SUBJECT** Pilot of the New National Nuclear Security Administration  
Oversight Model at Los Alamos

In December 2002, we announced a new approach to oversight within the National Nuclear Security Administration (NNSA). We concluded that oversight of nuclear operations and of security would continue to be conducted on a transaction basis, but that all other oversight would shift to verifying whether the contractor was operating an adequate internal oversight process, beginning with the lowest risk activities and working up to the more complex ones. We said we would encourage the contractor to use third party certification and to establish a strong contractor assurance system.

Our progress at implementing this new vision throughout the NNSA has been unacceptably slow. I am convinced that we need to take dramatic action. The arrival of a new management team at Los Alamos is an opportunity to take that action. Therefore, you are directed to move immediately into a two-year pilot of our new oversight model once you have concurred in the Los Alamos National Security, LLC (LANS) Contractor Assurance System (CAS). You will apply this new oversight model to business systems, non-nuclear safety, project management, and all other areas, except security and the performance of nuclear operations. To accomplish this, you are directed to complete the following:

- By July 1, 2006, provide an implementation plan, crafted in conjunction with the University of California and LANS, for implementing the new model of oversight. I understand that this may require selected waivers to or variation from DOE Orders regarding Federal responsibilities.
- By September 1, 2006, submit to me a system description for how the Los Alamos Site Office (LASO) will provide oversight according to the new model. This description should include how staff will be used because jobs will change as a result of implementing this new approach to oversight. You are authorized to attain and maintain the current reduced staffing target of 117. I offer the services of Tyler Przybylek to support you in developing the plan.



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- By September 1, 2006, provide me your recommendations for using the at-risk-fee to further incentivize LANS to excel in implementing this new model. I envision that mission accomplishment, operations, and the effective implementation of the new oversight model will be given roughly equal weight.
- By October 1, 2006, (date that the performance fee becomes effective for LANS) implement the pilot for the new model of oversight using the LANS CAS. You are hereby delegated authority to approve this CAS in accordance with DOE O 226.1 5.b (10).
- By January 15, 2007, provide recommendations for using the award term incentives to further compel LANS to excel in implementing this new model.
- By June 30, 2007, provide me your recommendations for when an external review of the new oversight model should be conducted. Include in your recommendations an indication of whether the review should be conducted by NNSA, by the Office of Safety and Security Performance Assurance, or by a specially commissioned outside group.
- By September 1, 2008, provide me an assessment of the pilot and a lessons learned document that can be shared throughout NNSA. This assessment will include a recommendation on whether there is any reason not to continue the new oversight model indefinitely. I also expect that a recommendation will be included regarding the current size of the Los Alamos Site Office. You are directed to consider how the Site Office may best be reorganized and staff reallocated through potential new relationships with Headquarters, the Service Center, and the Sandia Site Office.

In carrying out this guidance, you should be governed by the principle of moving as rapidly as possible toward our preferred model of more effective oversight. Thus, if partial implementation of any area in advance of the dates indicated is possible, you should direct such implementation, while keeping me informed.

I recognize that this is a major change in the approach to operating and overseeing the Laboratory. The Department of Energy has awarded a contract that will result in potential fee expenditures of nearly a half billion dollars over the next seven years in the expectation that the new contractor will provide dramatic improvements in internal operations. I believe that the best way to ensure success is for us to move immediately to the new model of oversight, rather than doing so in stages. I recognize that this is a significant risk based on the past performance of the Laboratory. I am providing this direction in writing to make it clear that I am accepting that risk on behalf of the Federal Government and not asking you to do so. If there are problems comparable to those in the past at Los Alamos, and, if there is any reason to believe that the revised approach to oversight has contributed in the slightest to those problems, this letter makes it clear that I and I alone, am responsible for those decisions.

I am confident that you and the Site Office staff can make this significant transition in our approach to supervision of the contractor. By doing so, you will have paved the way for a major improvement in how the severely constrained numbers of Federal staff can be even more meaningfully allocated to accomplish our mission as we move toward the NNSA of the future.

cc:

Tyler Przybylek