



January 2023

NATIONAL NUCLEAR SECURITY ADMINISTRATION

Fully Incorporating Key Practices for Agency Reform Would Benefit Any Future Organizational Changes

Accessible Version

GAO Highlights

Highlights of [GAO-23-105299](#), a report to congressional committees

Why GAO Did This Study

GAO and other entities have reported on challenges related to NNSA's management and governance since the agency's establishment. As a result, GAO and other entities have recommended that NNSA enact organizational changes to address these management and governance challenges.

The House report accompanying a bill for the Energy and Water Development and Related Agencies Appropriations Act for Fiscal Year 2020 included a provision for GAO to assess aspects of NNSA's organization. Among other objectives, this report (1) describes why NNSA changed its organizational structure and the benefits of those changes; and (2) examines the extent to which NNSA's policy for organizational change aligns with selected key practices for agency reform, and whether NNSA's most recent reorganization followed the agency's policy.

GAO reviewed NNSA documentation and other entities' reports related to organizational structure. GAO assessed NNSA's policy on organizational change against selected key practices for agency reform. GAO also interviewed NNSA officials from 12 headquarters and 7 field offices.

What GAO Recommends

GAO is making two recommendations: NNSA should (1) update its organizational change policy to fully align with key practices for agency reform and (2) establish specific outcome-oriented goals and performance measures for its July 2022 reorganization. NNSA agreed with GAO's recommendations.

View [GAO-23-105299](#). For more information, contact Allison Bawden at (202) 512-3841 or bawdena@gao.gov.

January 2023





NATIONAL NUCLEAR SECURITY ADMINISTRATION

Fully Incorporating Key Practices for Agency Reform Would Benefit Any Future Organizational Changes

What GAO Found

The National Nuclear Security Administration (NNSA) has changed its high-level organizational structure numerous times since its establishment in 1999, in part to address concerns about its management and governance. NNSA created new offices to add or elevate certain agency functions, such as an office focused on infrastructure management. NNSA also flattened its organizational structure to remove reporting layers between the Administrator and field-based offices. NNSA officials identified benefits, such as increased effectiveness in mission performance, which the organizational structure that existed prior to July 2022 had provided to NNSA. In July 2022, NNSA began to further reorganize the offices responsible for contract and project management and for infrastructure management.

GAO found that NNSA's policy and procedures governing organizational change partially align with four categories of key practices for successful agency reform. For example, consistent with key practices related to developing reforms, NNSA's policy states that those proposing an organizational change must analyze whether the proposed change is the most efficient way to fulfill the agency's strategic goals. However, inconsistent with key practices related to developing reforms, NNSA's policy does not require an assessment of whether data or analyses support that a proposed change is the most efficient way to fulfill its goals. Updating its policy to fully align with key practices would help NNSA better ensure the effectiveness of any future organizational changes.

Extent to Which NNSA's Policy Aligns with Key Practices for Agency Reform			
Goals and Outcomes	Process for Developing Reforms	Implementing the Reforms	Strategically Managing the Federal Workforce
			
●	◐	◐	◐
● – NNSA's policy and procedures fully aligned with key practice category. ◐ – NNSA's policy and procedures partially aligned with key practice category. ○ – NNSA's policy and procedures do not align with key practice category.			

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

NNSA's policy requires that any proposed organizational change include goals for the change. NNSA set high-level goals for its July 2022 reorganization but did not establish specific outcome-oriented goals and performance measures, as called for by key practices for agency reform. As NNSA continues to implement its July 2022 reorganization, the agency has the opportunity to establish specific goals and performance measures that would help it assess whether the reorganization achieved its intended purposes.

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Abbreviations

DOE	Department of Energy
FTE	full-time equivalent
M&O	management and operating
NNSA	National Nuclear Security Administration
PMI	Project Management Institute, Inc.
PPBE	Planning, Programming, Budget, and Evaluation

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January 10, 2023

Chair
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate

Chair
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
House of Representatives

The National Nuclear Security Administration (NNSA)—a separately organized agency within the Department of Energy (DOE)—is responsible for the nation’s nuclear weapons stockpile, nonproliferation efforts, and nuclear propulsion systems for the U.S. Navy.¹ NNSA aims to help deliver the capabilities that allow the United States to adapt and respond to a dynamic security environment, emerging strategic challenges, and geopolitical and technological changes. In recent years, NNSA’s scope of work and budget have increased and are centered on simultaneously modernizing nuclear weapons and modernizing and recapitalizing its infrastructure. This work includes five multi-billion-dollar weapon modernization programs; numerous multi-billion-dollar construction projects; and hundreds of smaller construction and revitalization projects, as well as programs to support stockpile science, research, and development.

NNSA relies upon contracted services to accomplish most of its work. Its largest contracts are generally management and operating (M&O) contracts to carry out its program and project work at the eight government-owned sites—collectively known as the nuclear security enterprise—and at other government-owned sites that support NNSA’s

¹NNSA’s missions include (1) maintaining and modernizing infrastructure for the U.S. nuclear weapons stockpile, (2) supporting the nation’s nuclear nonproliferation efforts, (3) enhancing national security through the military application of nuclear energy, and (4) providing nuclear propulsion systems for the U.S. Navy.

nuclear propulsion mission.² The M&O contractors are responsible for managing daily operations and executing program and project activities at the sites.

In this contracting structure, NNSA has both a management role and a governance role.³ NNSA's federal workforce is responsible for portfolio, program, and project management and for oversight, control, integration, and decision-making functions of governance. For example, the federal workforce is responsible for integrating the work done across multiple sites in support of each weapon modernization program and overseeing the collective execution of the programs through performance evaluation of the contractors that contribute to each program.⁴

²M&O contracts are agreements under which the government contracts for the operation, maintenance, or support, on its behalf, of government-owned or government-controlled research, development, special production, or testing establishments wholly or principally devoted to one or more of the major programs of the contracting agency. 48 C.F.R. § 17.601. NNSA also relies upon other entities, such as support service contractors, to accomplish its work. Support service contractors' personnel perform functions in support of federal personnel, including a broad range of activities, such as information technology support, guard services, and food services. The Federal Acquisition Regulation defines a service contract as a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. 48 C.F.R. § 37.101. The Federal Acquisition Regulation is the primary regulation for use by all federal executive branch agencies in their acquisition of supplies and services with appropriated funds.

³According to Project Management Institute, Inc. (PMI), governance—as distinct from management—includes functions of oversight, control, integration, and decision-making. PMI is a not-for-profit association that provides global standards for project, program, and portfolio management. These standards are generally recognized as leading practices and used worldwide by private companies, nonprofits, and others. PMI has also published guidance complementary to these foundational standards. See Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects: A Practice Guide* (2016).

⁴These weapon modernization programs are the B61-12 Life Extension Program, the W88 Alteration 370 program, the W80-4 Life Extension Program, the W87-1 Modification program, and the W93 program. NNSA undertakes life extension programs to refurbish or replace nuclear weapons' components to extend their lives, enhance their safety and security characteristics, and consolidate the stockpile into fewer weapon types to minimize maintenance and testing costs while preserving needed military capabilities. Much like a nuclear weapon life extension program, a weapon alteration replaces or refurbishes weapon components to ensure that the weapon can continue to meet military requirements. However, an alteration generally refurbishes fewer components than a life extension program and does not specifically extend a weapon's operational lifetime. The W87-1 Modification program will replace another weapon's capabilities with a weapon composed of all newly manufactured components. The W93 program is being treated as a new weapon acquisition.

Over the past 2 decades—the entirety of NNSA’s existence—external studies have identified limitations in NNSA’s management and governance. These studies have included congressionally mandated panels of experts that have identified ongoing challenges involving NNSA’s management and governance. For example, a 2014 congressional panel described dysfunctional relationships between NNSA’s headquarters and field-based offices that were due, in part, to a lack of understanding of each office’s responsibilities and challenges in coordinating their efforts.⁵ In 2020, after 4 years of review, a joint National Academies of Sciences, Engineering, and Medicine and National Academy of Public Administration panel reported improvements in NNSA’s management and governance of the nuclear security enterprise and coordination between its offices. The joint panel concluded that more work was needed to maintain this progress and to continue reforming the enterprise.⁶

Further, in its 2020 report, an NNSA independent review team identified underlying management and oversight issues that require coordinated action by NNSA to implement long-term, institutional change to strengthen the enterprise.⁷ We have also designated NNSA’s management of its contracts, projects, and programs as a high-risk area since the agency was established in 1999.⁸ We have reported that NNSA’s record of inadequate management of contracts and projects leaves the agency vulnerable to waste, fraud, abuse, and mismanagement.

⁵Congressional Advisory Panel on the Governance of the Nuclear Security Enterprise, *A New Foundation for the Nuclear Enterprise* (November 2014). This panel is referred to as the Augustine-Mies panel.

⁶National Academies of Sciences, Engineering, and Medicine and the National Academy of Public Administration, *Report 4 on Tracking and Assessing Governance and Management Reform in the Nuclear Security Enterprise* (Washington, D.C.: 2020).

⁷Independent Review Team, *Independent Review: B61-12 Life Extension Program and W88 Alteration 370 Technical Issue* (April 2020). This work was done at the direction of a congressional committee.

⁸GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021). GAO’s High-Risk Series highlights government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement, or that are in need of transformation to address economy, efficiency, or effectiveness challenges. We have included DOE’s project and contract management on the high-risk list since we established the list in 1990. After NNSA was established, we included both DOE and NNSA in our assessment of the area.

We and others have recommended that NNSA enact reforms to address the management and governance challenges identified. For example, we recommended in June 2020 that NNSA improve its management controls to better oversee and coordinate programs and activities.⁹ We have previously recognized that federal agencies may enact reforms—which broadly include any organizational changes—to help strengthen their efficiency and effectiveness.¹⁰ We have also previously recognized that the organizational transformation needed to improve the performance of federal agencies is no easy task. Reforming a federal agency can include refocusing, realigning, or enhancing agency missions, as well as taking steps to eliminate inefficiencies and improve effectiveness. Equally important is examining the possible impact of reforms on employees, stakeholders, and program customers. NNSA uses its Organizational Change Policy and other internal procedures to guide its development and implementation of organizational changes.¹¹ In July 2022, NNSA reorganized offices responsible for contract and project management and for infrastructure management.¹²

House Report 116-83 accompanying H.R. 2960, a bill for the Energy and Water Development and Related Agencies Appropriations Act for Fiscal Year 2020, included a provision that we assess the coordination of NNSA’s headquarters-based program and functional offices and its field offices with respect to how the coordination affects program and project execution.¹³ This report (1) describes why NNSA has changed its organizational structure since its establishment and any benefits of those changes; (2) describes actions NNSA has taken to address previously

⁹GAO, *Nuclear Weapons: NNSA Needs to Incorporate Additional Management Controls Over Its Microelectronics Activities*, [GAO-20-357](#) (Washington, D.C.: June 9, 2020). NNSA neither agreed nor disagreed with our recommendation. NNSA has partially addressed the recommendation by establishing some additional management controls that may enable NNSA to better oversee and coordinate NNSA’s microelectronics activities.

¹⁰GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018). The term “reform” broadly includes any organizational changes—such as transformations, mergers, consolidations, and other reorganizations—as well as efforts to streamline and improve the efficiency and effectiveness of government operations.

¹¹National Nuclear Security Administration, *Business Operating Procedure 110.2, Organizational Change Policy* (Washington, D.C.: Dec. 7, 2017).

¹²NNSA announced the planned reorganization in May 2022. NNSA started implementing the reorganization, and it became effective, in July 2022.

¹³H.R. Rep. No. 116-83, at 122 (2019).

identified challenges related to coordination in its organizational structure; and (3) examines the extent to which NNSA's policy for organizational change aligns with selected key practices for agency reform, and the extent to which NNSA's July 2022 reorganization followed its policy.

To address the first objective, we analyzed NNSA's organizational charts and other documents to identify changes to headquarters and field-based offices since 1999.¹⁴ We reviewed our prior work and other external reports on the challenges that NNSA has faced in management and governance to describe the evolution of NNSA's organizational structure, as well as the reasons for some of the changes. We conducted semistructured interviews with NNSA officials from across the agency to obtain their perspectives on the changes to NNSA's organizational structure, the reasons for those changes, and the benefits that those changes provided to NNSA. Specifically, we interviewed officials from the 19 NNSA offices that were involved in managing the programs and projects that are executed at the sites.

To address the second objective, we summarized officials' perspectives on actions that NNSA has taken to address identified challenges that have persisted through, or arisen from, the previous changes to the organizational structure that existed at the time of our interviews—December 2021 through February 2022. We reviewed NNSA's policy, procedures, and guidance documents, such as NNSA's directive on site governance, to confirm NNSA's actions to address the challenges that officials described.¹⁵ We reviewed actions that NNSA has taken for

¹⁴We define "organizational structure" as consisting of discrete offices that operate within the agency, and it includes the roles, responsibilities, and reporting lines defined by the agency or its offices. NNSA's organizational structure has been comprised of headquarters-based and field-based offices throughout its history. Field offices are mostly located with the sites that they oversee and are responsible for ensuring compliance with federal contracts to manage and operate the sites.

¹⁵National Nuclear Security Administration, *NNSA Site Governance*, Supplemental Directive (SD) 226.1C (Washington, D.C.: Oct. 1, 2019).

consistency with leading collaboration practices that we identified in September 2012.¹⁶

To address the third objective, we assessed NNSA's *Organizational Change Policy* and other internal procedures against selected key practices and associated key questions for assessing agency reforms.¹⁷ We based our selection of the key practices on whether the key questions are applicable to NNSA's organizational structure and are most relevant for NNSA to consider for any future organizational changes. We assessed whether NNSA's policy and procedures fully aligned, partially aligned, or did not align with selected key practices for agency reform. We also interviewed officials from NNSA's Management and Budget office to discuss the results of our assessment of the policy and procedures. We then compared supporting documentation for NNSA's July 2022 reorganization, such as the agency's reorganization memorandum, to NNSA's policy and procedures. Appendix I presents a more detailed description of our scope and methodology.

We conducted this performance audit from June 2021 to January 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁶We have reported about the importance of federal agency collaboration for many years, and that meaningful results that the federal government seeks to achieve require coordinated efforts across and within government agencies and programs. For the purposes of this report, we define "collaboration" as any joint activity that is intended to produce more public value than could be produced when the entities act alone, and we use "collaboration" and "coordination" interchangeably. See GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

¹⁷National Nuclear Security Administration, Business Operating Procedure 110.2; and [GAO-18-427](#). The leading practices that our June 2018 report presented were based on our prior work that found that the success of agency reforms hinges on the agency's adherence to key practices for organizational transformations. Such practices include establishing clear outcome-oriented goals and performance measures, as well as involving federal employees and other key stakeholders to develop the proposed reforms.

Background

Establishment of NNSA

DOE was officially established in October 1977. For more than 2 decades, the department managed nuclear weapons, nonproliferation, and naval nuclear propulsion programs, along with other nondefense missions.¹⁸ DOE faced numerous challenges with governance and with its program management, especially with its nuclear weapons programs. In particular, we found that DOE had problems such as a lack of clear roles and responsibilities at three levels: within headquarters-based offices, between headquarters and field-based offices, and between all offices and the contractors managing site operations.¹⁹ We also found that DOE struggled to manage its nuclear weapons programs as an integrated whole and to balance priorities, such as weapons component production and infrastructure maintenance.²⁰ These challenges resulted in significant cost overruns and schedule delays on major projects for DOE.

In response to these and other long-standing management and governance challenges, Congress established NNSA in October 1999 as a separately organized agency within DOE.²¹ The responsibility for efforts related to nuclear weapons, nonproliferation, and naval reactors moved to

¹⁸Since the 1950s, the mission of the Naval Nuclear Propulsion Program, also known as Naval Reactors, has been to provide effective militarily nuclear propulsion plants and to ensure their safe and reliable operation, according to a 2020 Naval Nuclear Propulsion Program report. This mission requires the combination of U.S. Navy personnel with ships that are independent of logistics supply chains. Thus, the program is dually executed by the U.S. Navy and DOE.

¹⁹GAO, *Nuclear Weapons: Improved Management Needed to Implement Stockpile Stewardship Program Effectively*, [GAO-01-48](#) (Washington, D.C.: Dec. 14, 2000).

²⁰GAO, *NNSA Management: Progress in the Implementation of Title 32*, [GAO-02-93R](#) (Washington, D.C.: Dec. 12, 2001).

²¹The National Nuclear Security Administration Act, Pub. L. 106-65, div. C, tit. XXXII, § 3211, 113 Stat. 512, 957 (1999) (codified at 50 U.S.C. § 2401) (NNSA Act).

NNSA.²² NNSA manages funds for these three portfolios of work²³ through the Weapons Activities, Defense Nuclear Nonproliferation, and Naval Reactors appropriation accounts under which Congress directs funds to specific programs, projects, and other activities.²⁴

NNSA's Management and Governance Roles

NNSA's federal workforce and the M&O contractors share the management role and responsibilities. NNSA's federal workforce—about 2,600 full-time equivalent employees in fiscal year 2022—is generally responsible for portfolio, program, and project management, as well as acquisition and contract management.²⁵ The M&O contractors—which employed approximately 57,000 people in fiscal year 2022—are responsible for managing daily operations and executing program and project activities at the sites. According to the Project Management Institute, Inc. (PMI), management is operational in nature and focused on the implementation, monitoring, and direction of activities.²⁶

²²Under the NNSA Act, the NNSA Administrator has authority over, and responsibility for, all NNSA activities except those of the Deputy Administrator for Naval Reactors specified in the program's foundational executive order. 50 U.S.C. § 2402. The Naval Reactor program's foundational executive order is Executive Order 12344, which is codified at 50 U.S.C. § 2511.

²³We previously reported that PMI defines a portfolio as a collection of components—subsidiary portfolios, programs, projects, and other activities—managed as a group to achieve an organization's strategic objectives. Portfolio components may be related by common sources of financial support. GAO, *Nuclear Security Enterprise: NNSA Should Use Portfolio Management Leading Practices to Support Modernization Efforts*, [GAO-21-398](#) (Washington, D.C.: June 9, 2021).

²⁴In addition to these appropriation accounts, NNSA has an appropriation account for Federal Salaries and Expenses, which covers salaries, benefits, and other expenses for most of NNSA's federal full-time equivalent (FTE) employees except for those in Naval Reactors and the Office of Secure Transportation (which is responsible for transporting nuclear material and components between sites). The Federal Salaries and Expenses account also provides for travel, training, support services, and other expenses.

²⁵NNSA's fiscal year 2023 budget materials reported numbers of federal FTE staff separately for the Office of Naval Reactors and Secure Transportation Asset (within the Office of Defense Programs). These budget materials reported 1,826 FTEs for NNSA; 574 FTEs for Secure Transportation Asset; and 246 FTEs for Naval Reactors.

²⁶Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects: A Practice Guide* (2016).

NNSA's federal workforce is responsible for governance—providing a strategy and framework for accomplishing NNSA's missions at the sites. NNSA's site governance directive establishes this framework for its federal workforce and M&O contractors to help ensure effective mission performance and operations at the sites.²⁷ The directive provides details on the governance responsibilities for NNSA program, functional, and field offices and specific positions. According to PMI, governance includes oversight, control, integration, and decision-making functions.²⁸

- **Oversight.** Oversight encompasses activities that are executed to determine whether federal programs and contractors are performing effectively and complying with requirements, according to DOE's oversight policy.²⁹ Such activities include reviews, assessments, performance evaluations, and other activities that involve evaluation of contractors that manage or operate NNSA sites.
- **Control.** Control includes monitoring, measuring, and reporting—processes that provide reasonable assurance that the organization's operational effectiveness and efficiency, reliable reporting, and compliance with applicable laws and regulations will be achieved, according to internal control standards.³⁰
- **Integration.** Integration involves strategic alignment of components of work (e.g., programs, projects, or other activities) done across an organization or within a portfolio to fulfill a specific strategic objective or goal, according to PMI.³¹ For NNSA, integration typically includes combining and coordinating multiple activities into a program.³²

²⁷National Nuclear Security Administration, SD 226.1C, *NNSA Site Governance*.

²⁸Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects* (2016). According to PMI, governance functions are categories of critical processes, activities, and tasks that are performed to provide for an organization's portfolios, programs, and projects.

²⁹Department of Energy, *Implementation of Department of Energy Oversight Policy*, DOE Order 226.1B (Washington, D.C.: Apr. 25, 2011).

³⁰GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

³¹Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects* (2016).

³²National Nuclear Security Administration, SD 226.1C, *NNSA Site Governance*.

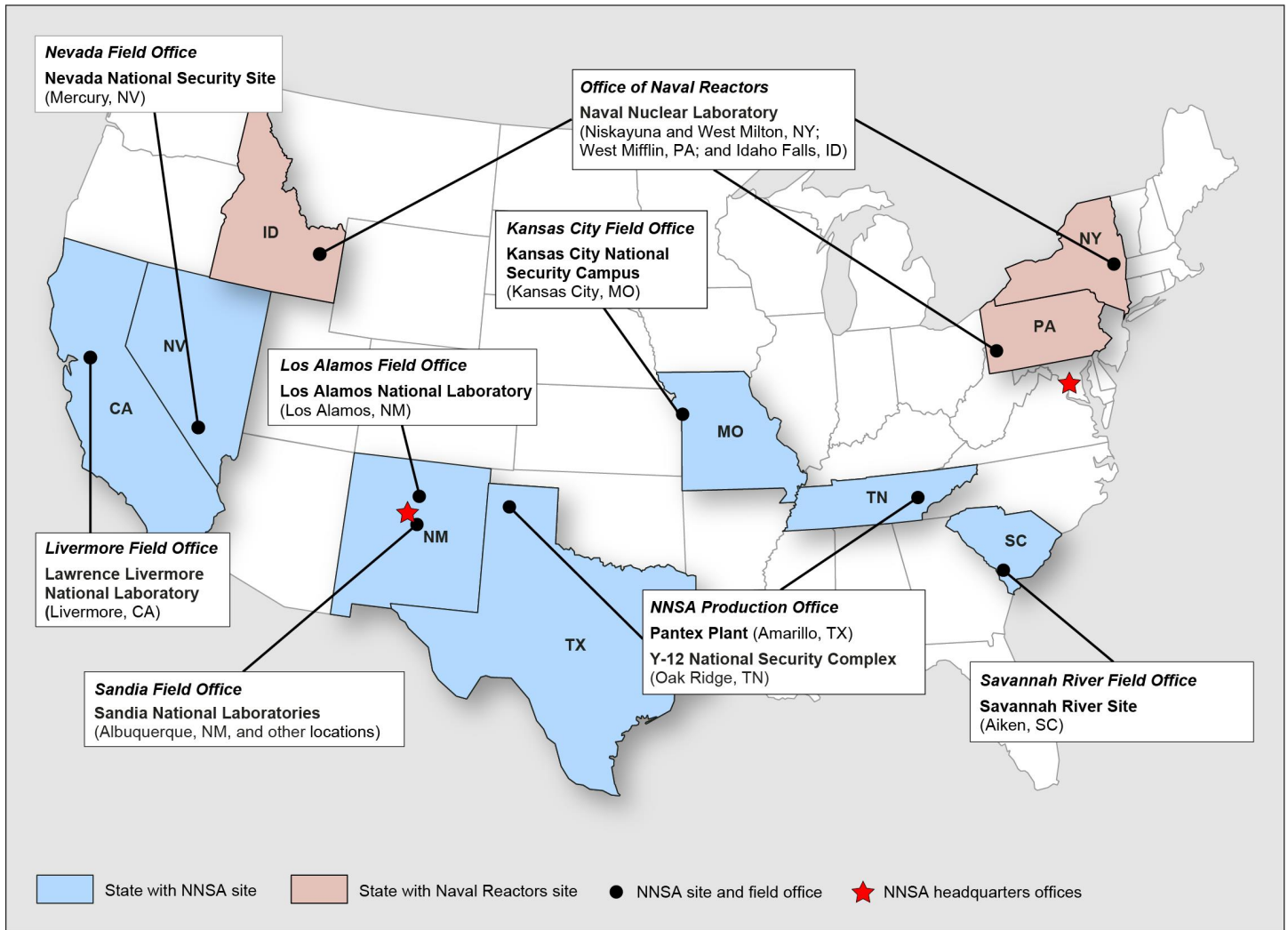
-
- **Decision-making.** Decision-making includes structures and specific delegations of authority—determinations of who will make what kinds of decisions and in what scenarios. Decision-making should be transparent and documented with justification to allow for self-analysis and improvements through lessons learned, according to PMI.³³

NNSA's Organization

NNSA is organized into headquarters-based program, functional, and mission-enabling offices, and field-based offices that are generally co-located at the sites (see fig. 1).

³³Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects* (2016).

Figure 1: National Nuclear Security Administration (NNSA) Headquarters Offices, Field Offices, and Sites, as of July 2022



Sources: GAO presentation of NNSA information; Map Resources (map). | GAO-23-105299

Note: NNSA's headquarters offices are located in Washington, D.C.; Germantown, Maryland; and Albuquerque, New Mexico. NNSA established the NNSA Production Office in 2012 to provide local oversight of the management and operating contract for the Y-12 National Security Complex and Pantex Plant, which was consolidated under one contract awarded in 2013. Prior to the change, Y-12 and Pantex had separate offices in the field.

Office of Naval Reactors

The U.S. Naval Nuclear Propulsion Program (also known as Naval Reactors) is a joint organization within the Department of Energy and the Department of Navy, and is dually executed by the Office of Naval Reactors and

the U.S. Navy. The Office of Naval Reactors is a program office within the National Nuclear Security Administration (NNSA), but Naval Reactors acts semiautonomously from NNSA.

Naval Reactors has its own organizational structure, including Naval Nuclear Propulsion Program-specific headquarters and field offices.

Naval Reactors and the Office of Nuclear Energy oversee the contractor that operates the following:

- two dedicated laboratory facilities, Knolls Atomic Power Laboratory and Bettis Atomic Power Laboratory located in Niskayuna, New York, and West Mifflin, Pennsylvania, respectively;
- land-based nuclear propulsion plant prototypes used for training Navy operators at the Kenneth A. Kesselring Site located in West Milton, New York; and
- the Naval Reactors Facility at the Idaho National Laboratory in Idaho, which includes spent nuclear fuel handling facilities and operations.

Source: Office of Naval Reactors information. | GAO-23-105299

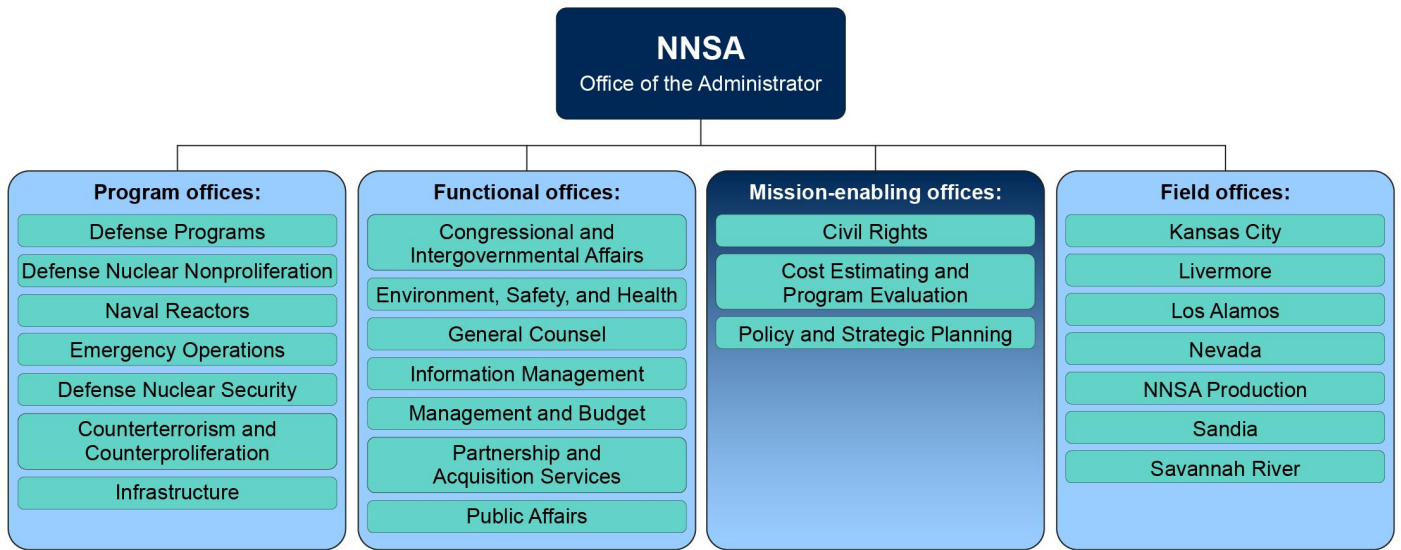
NNSA's federal workforce is in headquarters-based offices located in Washington, D.C.; Germantown, Maryland; and Albuquerque, New Mexico, as well as in field-based offices. These offices have different, but complementary, roles.

- **Program offices** are headquarters-based offices responsible for managing mission-related activities and integrating these activities across the multiple sites performing the work. Mission-related activities are typically defined as programs or projects and have a designated federal program or project manager. Federal program and project managers help develop requirements, define performance standards, and ensure that contractor activities achieve intended outcomes.
- **Functional offices** are headquarters-based offices that provide budget, legal, information technology, and other support to program offices and field offices and to NNSA as a whole.
- **Mission-enabling offices** are headquarters-based offices situated within the Office of the Administrator. These offices directly support the NNSA Administrator and other NNSA offices by providing mission-enabling support, such as for policy and strategic planning, cost estimating and program evaluation, and civil rights.
- **Field offices** provide a federal presence at sites and are responsible for multiple functions at the site level.³⁴ Field offices are responsible for contract management, which includes ensuring that contractors comply with their contracts. They are also responsible for site-specific mission-enabling functional areas, such as safety and security. Each field office has federal contracting staff and subject matter experts. Field office contracting officers perform all on-site contract administration functions necessary to ensure the contractor is compliant with the terms and conditions of the contract and execute administrative contract modifications. Contracting officer representatives are authorized by the contracting officer to assist with the technical monitoring or administration of a contract and provide day-to-day oversight of the M&O contractors' performance.

³⁴NNSA has referred to its field-based offices in various ways since the agency's establishment. NNSA referred to different offices that were in the field as "operations offices," "site offices," and "area offices" until 2014, when NNSA started referring to offices in the field that were co-located at sites as "field offices." Throughout this report, we will use the term "site office" or "field office," depending on the time frame discussed.

NNSA’s organizational structure as of July 2022 includes seven program offices, seven functional offices, three mission-enabling offices, and seven field offices (see fig. 2).³⁵

Figure 2: National Nuclear Security Administration’s (NNSA) Organizational Structure, as of July 2022



Source: GAO analysis of NNSA information. | GAO-23-105299

NNSA Reorganized Multiple Times Since Its Establishment in 1999, in Response to Challenges, Evolving Mission, and Legislation

Since its establishment in 1999, NNSA has reorganized multiple times in two primary ways: (1) NNSA established new program, functional, and mission-enabling offices with dedicated functions; and (2) NNSA removed reporting layers between field-based offices and the Administrator. These changes have been in response to efforts that identified management and

³⁵Defense Programs, Defense Nuclear Nonproliferation, and Naval Reactors are led by Deputy Administrators who are presidentially appointed, Senate-confirmed senior executives. The remaining program offices are led by Associate Administrators. Functional offices are led by Associate Administrators, except for the Office of General Counsel, which is led by the General Counsel, and the Office of Public Affairs, which is led by a Director. Mission-enabling offices are led by Directors. Field offices are led by Field Office Managers.

governance challenges for NNSA, the agency's evolving mission, and legislation. NNSA officials identified benefits, such as increased effectiveness, which the organizational structure that existed prior to July 2022 had provided to NNSA. In July 2022, NNSA reorganized the office responsible for contract and project management and the office for infrastructure management.³⁶

NNSA Established New Offices with Dedicated Functions

When NNSA was first established in 1999, the Office of Defense Programs continued to perform most of the functions related to managing and governing the work conducted at the sites, similar to what it had performed within DOE. However, NNSA established new offices and transferred some functions from the Office of Defense Programs to those new offices. NNSA also established new offices to add new functions or capabilities for the agency. Officials stated that establishing new offices with dedicated functions—specifically those related to infrastructure management, acquisition and project management, and cost estimation—has benefited NNSA by increasing the agency's effectiveness in executing its missions.³⁷ However, NNSA's history also includes several organizational changes that had limited success at addressing identified challenges. Appendix II presents a more detailed description of all high-level changes to NNSA's organizational structure and to the offices within it.

Program Office Focused on Infrastructure Management

NNSA had inherited difficult infrastructure challenges from DOE in 1999. Specifically, the newly formed agency had responsibility for extending the life of nuclear weapons well beyond their design. However, as we reported in December 2000, it also had to rely on old and neglected

³⁶NNSA started implementing the reorganization in July 2022 as we were completing the audit work for this review. As discussed later, we provide NNSA's views on the benefits of the reorganization, but it is too soon to determine the full effect of or any subsequent benefits that the reorganization will have on NNSA.

³⁷For the purposes of this report, we define "effectiveness" as the degree to which an action has been successful in producing desired results or outcomes.

infrastructure to do so.³⁸ NNSA reorganized multiple times from 2001 to present in order to address challenges related to the management of infrastructure at the sites. However, some challenges persisted. Officials said that once NNSA established the Office of Safety, Infrastructure, and Operations in 2014, the office provided NNSA with a more centralized, consistent approach to evaluating, elevating, and addressing infrastructure challenges. As a result, NNSA has been more effective at executing its infrastructure mission, officials said.

2001 to 2012. Shortly after it was established, NNSA recognized a need for an office to focus on managing its infrastructure and, in 2001, established a new program office with a dedicated focus on facilities and infrastructure—the Office of Facilities and Operations. However, this office’s responsibilities changed several times through its early years, and NNSA sometimes combined the infrastructure management function with other functions, such as security, environment, and safety, within the office.

Establishing these early iterations of an office focused on infrastructure was not fully effective in addressing NNSA’s challenges because this office did not have full, centralized responsibility over infrastructure management. Other program offices, such as the Office of Defense Programs, retained some responsibility for infrastructure that was deemed program specific. To budget for these program-specific infrastructure maintenance costs, the Office of Defense Programs used a specific budget category—Readiness in Technical Base and Facilities. We found in December 2000 that the Readiness in Technical Base and Facilities budget category was often in competition for resources with other budget categories, such as those for nuclear weapon modernization programs that the Office of Defense Programs also managed.³⁹

We further found in June 2010 that NNSA could not accurately identify the total costs to operate and maintain its facilities and infrastructure

³⁸[GAO-01-48](#). We found that prior to NNSA’s establishment, DOE met certain production goals by purposefully neglecting infrastructure—deferring maintenance—to the point that some key production capabilities became unusable. For example, at the Y-12 National Security Complex in Oak Ridge, Tennessee, some facility walls and roofs were in such poor condition that workers were no longer able to work in some portions of production buildings. DOE officials acknowledged that this infrastructure had deteriorated to the point that it threatened DOE’s ability to meet its nuclear weapons mission.

³⁹[GAO-01-48](#).

because some sites allocated the costs of Readiness in Technical Base and Facilities activities as indirect costs, rather than as direct costs.⁴⁰ We found in February 2011 that, due to this kind of fragmented management of infrastructure, NNSA was making decisions about infrastructure without a full understanding of the impacts of those decisions across its missions.⁴¹

2012 to 2014. In response to these management challenges, as well as the continued deterioration of existing infrastructure, NNSA reorganized its infrastructure management function again. In June 2012, NNSA established the Office of Infrastructure and Operations as a new office under a new organizational code.⁴² NNSA sought to elevate the infrastructure office's stature in the organization, and NNSA moved site offices' line of reporting from the Office of Defense Programs to this newly established Office of Infrastructure and Operations, according to a June 2012 memorandum from NNSA. The purpose of this new office was to better focus on infrastructure and also to have a more direct line of oversight of site offices and operations. However, according to NNSA officials, this new office was not effective at managing this greatly increased scope of work and broader span of control that included overseeing site offices.

2014 to 2022. NNSA established the Office of Safety, Infrastructure, and Operations in 2014—combining infrastructure and safety functions in one

⁴⁰GAO, *Nuclear Weapons: Actions Needed to Identify Total Costs of Weapons Complex Infrastructure and Research and Production Capabilities*, [GAO-10-582](#) (Washington, D.C.: June 21, 2010). Direct costs are costs that can be specifically identified with an output, including salaries and benefits for employees working directly on the output, and materials, supplies, and costs for facilities and equipment used exclusively to produce the output. Indirect costs are costs that are jointly or commonly used to produce two or more types of outputs but that are not specifically identifiable with any output. These may include costs for general administration, research and technical support, and operations and maintenance for buildings and equipment.

⁴¹GAO, *Nuclear Weapons: NNSA Needs More Comprehensive Infrastructure and Workforce Data to Improve Enterprise Decision-making*, [GAO-11-188](#) (Washington, D.C.: Feb. 14, 2011).

⁴²Prior to June 2012, NNSA used the organizational code NA-50 for the office focused on infrastructure. NNSA used the organizational code NA-00 for the Office of Infrastructure and Operations established in June 2012.

office.⁴³ According to an NNSA memorandum from December 2014, combining infrastructure and safety in one office was intended to acknowledge the interdependencies between the two—issues with deteriorating infrastructure may manifest as safety issues—and to achieve efficiencies. As part of this reorganization, NNSA moved site offices out from under the oversight of a program office.

NNSA officials said that the Office of Safety, Infrastructure, and Operations performed at a higher level and more effectively than previous iterations of the office. Some officials from program and field offices said that having the functions of safety and infrastructure managed within one office benefitted NNSA, and the different functions of the office could work together to provide effective, consistent guidance on managing risk for the interrelated areas of safety and infrastructure. Some officials from program offices and a mission-enabling office said that the office also gave maintenance activities, recapitalization projects, and minor construction projects visibility and allowed for better decision-making.⁴⁴ We found that NNSA had made progress on addressing some of our previous recommendations, such as those we made in August 2015, by more consistently assessing the infrastructure to better prioritize investments in deferred maintenance or in facilities that posed the highest risk to the mission.⁴⁵

However, officials from a program office and a mission-enabling office also told us that the Office of Safety, Infrastructure, and Operations was becoming unwieldy—the office again had a larger scope of work and broader span of control as the need for recapitalization and maintenance projects and activities increased along with its budget. Officials from the Office of Safety, Infrastructure, and Operations also said that the office

⁴³NNSA reverted back to using the organizational code NA-50 for its Office of Safety, Infrastructure, and Operations. Prior to this 2014 reorganization, the safety function moved around from being integrated in operations and then to having its own dedicated functional office—the Office of Safety and Health, which existed from 2011 to 2014.

⁴⁴Maintenance activities include the recurring day-to-day work required to sustain NNSA facilities in suitable condition. Recapitalization projects are intended to improve the condition and extend the life of structures, capabilities, and systems. Minor construction projects are not specifically authorized by law, and the total project costs do not exceed a defined threshold, which is \$25 million as of fiscal year 2022.

⁴⁵GAO, *Modernizing the Nuclear Security Enterprise: NNSA Increased Its Budget Estimates, but Estimates for Key Stockpile and Infrastructure Programs Need Improvement*, [GAO-15-499](#) (Washington, D.C.: Aug. 6, 2015).

was a program office but that it also included functional responsibilities—safety management and operations management.

July 2022 to present. NNSA reorganized its office focused on infrastructure management in July 2022. NNSA split its infrastructure management function and safety function by dissolving the Office of Safety, Infrastructure, and Operations that it had established in 2014. NNSA established two new offices to include these functions: (1) the Office of Infrastructure,⁴⁶ which is a program office with a focus on infrastructure management, as well as large capital asset project management;⁴⁷ and (2) the Office of Environment, Safety, and Health, which is a functional office with a focus on safety, health, and enterprise stewardship. According to NNSA senior officials we interviewed in June 2022, separating infrastructure management and safety functions into different offices was not intended to address any specific management or governance challenge. NNSA senior officials said that the reorganization may provide an opportunity for NNSA to improve infrastructure management beyond recapitalization and maintenance work.

Functional Office Focused on Acquisition and Project Management

NNSA relies on contractors to execute the work at the sites, and NNSA's federal workforce is responsible for two important and related aspects of their management: (1) acquisition—the process of acquiring or procuring goods or services by contract; and (2) project management—the application of processes to achieve specific project goals within constraints around scope, schedule, and cost. NNSA officials said that, when the agency was first established, it did not have an office dedicated to acquisition or project management. This created various challenges for NNSA—issues on which we have reported since 1990 for DOE and since

⁴⁶NNSA created the new organizational code, NA-90, for the Office of Infrastructure.

⁴⁷DOE defines a capital asset as land, structures, equipment, and intellectual property, which are used by the federal government and have a useful life of 2 years or more. DOE defines a capital asset project as having defined start and end points with an acquisition cost that includes all costs incurred to bring it to a form and location suitable for its intended use, excluding operating expenses that are part of routine operations and maintenance functions.

2001 for NNSA in our biennial High-Risk Updates.⁴⁸ Officials said that establishing the Office of Acquisition and Project Management in 2011 benefitted NNSA and helped to address these challenges.

1999 to 2011. Through the agency's first decade, NNSA did not have a functional office dedicated to acquisition or project management.⁴⁹ The Office of Defense Programs managed a large portion of acquisitions and projects. Specifically, the Office of Defense Programs managed the site offices, and site offices directly managed and oversaw the M&O contracts through positions such as Contracting Officers. The M&O contractors executed work at the sites primarily for Office of Defense Programs but also for other program offices. The Office of Defense Programs also managed program-specific infrastructure projects at the sites. According to agency officials, the Office of Defense Programs' and site offices' uncentralized management of acquisitions and projects resulted in some challenges. Officials stated that under this organizational structure, NNSA was not effectively (1) managing the life cycle of M&O contracts, (2) holding M&O contractors accountable for poor performance, or (3) delivering projects on time and on budget.

- **Managing M&O contract life cycle.** Prior to NNSA's establishment and in NNSA's early history, M&O contracts were rarely recompeted (the same entities held the contracts over a prolonged contract term). For example, the University of California managed and operated Los Alamos National Laboratory for over 60 years, from 1943 to 2006. Congressional committees and others called for DOE to recompet M&O contracts (open the opportunity to other companies for proposals). As a result, DOE issued new regulations, which generally require competition for major site contracts and allow a contracting period consisting of an initial term of 5 years, with options to extend

⁴⁸GAO, *Major Management Challenges and Program Risks: Department of Energy*, [GAO-01-246](#) (Washington, D.C.: Jan. 1, 2001); *High-Risk Series: An Update*, [GAO-01-263](#) (Washington, D.C.: Jan. 1, 2001); and *High-Risk: Letter to Congressional Committees Identifying GAO's Original High-Risk Areas* (Washington, D.C.: Jan. 23, 1990).

⁴⁹We reported in December 2001 that under NNSA's organizational structure that existed at that time, the Office of Procurement and Assistance Management was a suboffice of the Office of Management and Administration. The Office of Procurement and Assistance Management was expected to focus on providing guidance on, and pursuing NNSA-wide improvements in, contract administration. However, DOE's Office of Procurement and Assistance Management continued to perform routine procurement tasks. We reported that the agreement between DOE and NNSA permitted NNSA to maintain a smaller procurement office than it would otherwise need. [GAO-02-93R](#).

the contract for 5 more years to a total potential contract term of 10 years.⁵⁰

With more contract competitions would come more work associated with managing the M&O contract life cycle. The Office of Defense Programs faced challenges in managing and overseeing the entire acquisition process for the M&O contracts in addition to their nuclear weapon modernization programs, according to NNSA officials. In January 2007, we reported that some of NNSA's acquisitions-related challenges stemmed from DOE and NNSA not fully agreeing on how NNSA should function as a separately organized agency.⁵¹ We found that DOE had not issued NNSA-specific acquisition procedures as DOE had committed to doing in January 2000. As a result, NNSA officials stated at the time that they had to issue several deviations from DOE's acquisition regulations to enable contract fee arrangements and awards of additional years to contract terms.

- **Holding contractors accountable.** NNSA manages and oversees its M&O contractors through a variety of means, including an evaluation process that financially rewards contractors based on their performance. NNSA evaluates the extent to which contractors are operating sites as expected and as required in the contract. These evaluations justify awarding of incentives such as fees and additional contract terms.⁵² We found in February 2019 that for fiscal years 2006 through 2016, NNSA awarded high performance ratings and most available performance incentives to its M&O contractors for its eight

⁵⁰The rules allowed NNSA to ensure that M&O contractors were held accountable for their performance, and aligned terms of M&O contracts with standard contract terms described in the Federal Acquisition Regulation.

⁵¹GAO, *National Nuclear Security Administration: Additional Actions Needed to Improve Management of the Nation's Nuclear Programs*, [GAO-07-36](#) (Washington, D.C.: Jan. 19, 2007).

⁵²Cost-reimbursement type contracts allow the agency to contract for work when circumstances or uncertainties involved in contract performance do not allow the agency to sufficiently define its requirements or estimate its costs to allow for a fixed-price contract. Under a fixed-price contract, a contractor accepts responsibility for completing a specified amount of work for a fixed price. In contrast, under cost-reimbursement contracts, the government reimburses a contractor for allowable costs incurred, to the extent prescribed by the contract. The government may also pay a fee that is either fixed at the outset of the contract or adjustable based on performance criteria set out in the contract. 48 C.F.R. §§ 16.101(b), .301-2(a), .306(a), .402.

sites.⁵³ In those years, DOE and NNSA awarded high performance ratings and fees unless something serious happened. We found that three contractors received 50 percent or less of available award fees, and this was because of significant incidents, such as safety and security issues. For example, we reported that an April 2008 DOE inspection found significant weaknesses in protective force and classified matter protection that led to an “unsatisfactory” rating in security for the M&O contractor for Lawrence Livermore National Laboratory, and the contractor received 50 percent of the available award and incentive fees.⁵⁴

- **Delivering projects on time and on budget.** We found in January 2007 that project management remained a significant concern for NNSA and that some of its major projects were in jeopardy of exceeding their cost and schedule baselines.⁵⁵ We recommended actions to improve project management, such as establishing an NNSA-specific project management policy. We reported that the Mixed Oxide Fuel Fabrication Facility capital asset project—a project that had been ongoing since 1997—had experienced numerous cost, schedule, and technical challenges.⁵⁶ Since construction on the project began in 2007, the cost estimate for the project had increased significantly, from \$4.8 billion to about \$17.2 billion, and the estimated completion date for the project had been extended from 2016 to as late as 2048, a potential delay of nearly 32 years. We found that prior to 2011, NNSA’s project staff failed to recognize signs that the project would not be completed on time or within its approved cost. An independently conducted analysis, prepared in 2014 in response to a GAO recommendation, determined that NNSA staff did not recognize early problems because they were inexperienced in project management.

⁵³GAO, *Department of Energy: Performance Evaluations Could Better Assess Management and Operating Contractor Costs*, [GAO-19-5](#) (Washington, D.C.: Feb. 26, 2019). This review included 239 annual M&O contractor evaluations from the 24 DOE sites—8 of which were NNSA sites.

⁵⁴GAO, *Nuclear Security: Better Oversight Needed to Ensure That Security Improvements at Lawrence Livermore National Laboratory Are Fully Implemented and Sustained*, [GAO-09-321](#) (Washington, D.C.: Mar. 16, 2009).

⁵⁵[GAO-07-36](#).

⁵⁶GAO, *Project Management: DOE and NNSA Should Improve Their Lessons-Learned Process for Capital Asset Projects*, [GAO-19-25](#) (Washington, D.C.: Dec. 21, 2018).

2011 to 2022. As part of an April 2011 reorganization, NNSA established its Office of Acquisition and Project Management.⁵⁷ The Office of Acquisition and Project Management's responsibilities included managing the life cycle of the M&O contracts and managing capital asset projects with a total project cost greater than \$50 million. NNSA established this office, merging the agency's disparate acquisition management and project management functions into one dedicated office, as a way to improve efficiency in the entire acquisition process and to improve project management across the agency.

NNSA officials said that establishing this centralized, dedicated office allowed NNSA to professionalize its acquisition and project management workforce. Officials said that the Office of Acquisition and Project Management brought more dedicated resources and rigor to both functions and has helped the agency more effectively execute its missions. Specifically, NNSA has (1) recompeted or modified some M&O contracts with additional tools for understanding costs and better management, (2) taken action to hold M&O contractors accountable for site performance and project performance issues, and (3) begun delivering some projects on time and on budget.

NNSA officials said that the additional tools in the recompeted or modified M&O contracts included requiring annual controlled baselines to better understand costs of running sites and using contract line items to separately manage capital asset projects.

- **Annual controlled baselines.** We reported in June 2020 that in the M&O contract that NNSA awarded in 2013 for the Y-12 and Pantex sites, NNSA required that the M&O contractor create a cost savings program to reduce costs and to operate facilities in a more efficient and effective manner.⁵⁸ As part of implementing the cost savings program, the contractor established an annual controlled baseline—a document that describes the contractor's scope of work and its cost

⁵⁷During this April 2011 reorganization, NNSA established several functional offices—Acquisition and Project Management, External Affairs, Information Management, and Safety and Health. NNSA also reorganized an office previously known as the Management and Administration office into NNSA's Management and Budget office.

⁵⁸GAO, *National Nuclear Security Administration: Analyzing Cost Savings Program Could Result in Wider Use and Additional Contractor Efficiencies*, [GAO-20-451](#) (Washington, D.C.: June 24, 2020). The contractor proposed that it would save about \$2.9 billion over the contract's potential 10-year term.

for the year to act as a site-wide baseline against which to measure costs. In addition to using the annual controlled baseline to evaluate whether the contractor achieved cost savings, we found that the baseline provided better and more thorough information on the costs of running the sites. For our June 2020 report, Office of Acquisition and Project Management officials said having an annual controlled baseline at other sites would give them insight into the costs involved in running those sites.⁵⁹ Office of Acquisition and Project Management officials said in January 2022 that they decided to implement an annual controlled baseline at all of NNSA's sites either through renegotiation of existing contracts or when the contract is recompeted, in response to our June 2020 recommendation. As of April 2022, NNSA had implemented the requirement for an annual controlled baseline in contract modifications at two additional sites: the Kansas City National Security Campus and the Nevada National Security Site.⁶⁰

- **Contract line items.** We found in April 2019 that in competing an M&O contract, NNSA sought to establish new terms and conditions that would lead to cost savings and better contractor performance.⁶¹ For example, NNSA decided to recompete the Nevada National Security Site contract in May 2015, rather than noncompetitively extend the existing contract for an additional 5 years. In the new M&O contract, NNSA included a clause that changed how construction projects were managed and accounted for. The new contract clause allowed NNSA to incorporate terms and conditions for construction projects that were not otherwise contained in the M&O contract as separate contract line items. Managing certain construction projects under separate contract line items allows the government to determine strategy and contract type on a case-by-case basis. A senior Office of Acquisition and Project Management official told us

⁵⁹Officials said that NNSA traditionally had a budget-based view into M&O contractor activities, which consisted of the government obligating certain amounts of money and getting as much product or service for that money as the sites will provide. With annual controlled baselines, officials said NNSA is employing a cost-based model at Y-12 and Pantex that involves determining the cost to produce a certain amount of product.

⁶⁰NNSA officials stated that the annual controlled baselines implemented in the contracts for Kansas City National Security Campus and Nevada National Security Site are not tied to cost savings programs. Officials said that NNSA is using the annual controlled baselines in these two contracts for cost management, which helps inform NNSA's performance evaluation of the contractor and establishment of available fee.

⁶¹GAO, *National Nuclear Security Administration Contracting: Review of the NNSA Report on the Nevada National Security Site Contract Competition*, [GAO-19-349R](#) (Washington, D.C.: Apr. 17, 2019).

that using the M&O contract to enable better capital asset project management was important. NNSA officials said that contract line items are also included in the M&O contracts for Los Alamos National Laboratory, Y-12 and Pantex, and Savannah River Site.

NNSA officials said that the Office of Acquisition and Project Management took action to hold M&O contractors accountable for site performance and project performance. For example, the previous Los Alamos National Laboratory contractor failed to meet levels of safety performance, which led to the suspension of plutonium operations at Los Alamos National Laboratory from 2013 to 2017. Because of poor performance, the contractor failed to earn its award term and NNSA revoked some of the contractor's previously awarded terms. NNSA recomputed the M&O contract for the laboratory in 2017, with a new contractor taking over operations in 2018. We found in June 2022 that the new M&O contractor for Los Alamos National Laboratory has made progress in addressing safety issues.⁶² Further, we found in December 2018 that, upon its establishment in 2011, the Office of Acquisition and Project Management began directing and overseeing the already-troubled Mixed Oxide Fuel Fabrication Facility project.⁶³ NNSA terminated the project in October 2018 because of continued performance issues, including cost overruns. NNSA officials said that the Office of Acquisition and Project Management's terminating a contract and project because of performance issues were accountability actions never before taken by NNSA.

NNSA officials said that the Office of Acquisition and Project Management's focus on project management enabled the agency to begin delivering projects on time and on budget. We recognized the progress that NNSA made in project management for less costly projects in February 2013 when we narrowed our high-risk area focus to NNSA's major contracts—those with an estimated cost of \$750 million or greater. Officials also said that the Office of Acquisition and Project Management made progress on managing capital asset construction projects partly by establishing project management offices at sites—such as the one on-site at Y-12—to oversee projects' design and construction.⁶⁴ We reported in

⁶²GAO, *Los Alamos National Laboratory: Contractor Improving in Safety and Other Areas but Still Faces Challenges*, [GAO-22-105412](#) (Washington, D.C.: June 14, 2022).

⁶³[GAO-19-25](#).

⁶⁴Federal project directors—executive-level leaders that are certified project managers—lead these offices.

March 2020 that NNSA completed two subprojects of the Uranium Processing Facility project at Y-12 early and under budget.⁶⁵ Because of this, NNSA was able to shift this funding to support the remaining subprojects of the Uranium Processing Facility project.

Officials from the Office of Defense Programs and Office of Acquisition and Project Management with whom we spoke in January and February 2022 said that the organizational structure that existed at that time was the best it has been in NNSA's history. Officials said that NNSA had seen improvements with an office that understood both acquisition management and project management, and how to implement project performance controls through the M&O contract (i.e., using a contract to hold contractors accountable for project outcomes).

July 2022 to present. Despite the success that officials attributed to the Office of Acquisition and Project Management, in its July 2022 reorganization NNSA dissolved the office and mostly separated the two functions of acquisition management and project management. NNSA established the Office of Partnership and Acquisition Services to focus on acquisition management, specifically managing the life cycle of M&O contracts. NNSA moved the project management function into the newly established Office of Infrastructure, combining it with the infrastructure management function that previously resided in the Office of Safety, Infrastructure, and Operations.⁶⁶

Senior NNSA officials with whom we spoke in June 2022 told us that NNSA is not trying to solve a specific problem with this reorganization. Officials said that instead, the goal of the reorganization was to increase mission delivery in two ways: (1) by more strategically managing the M&O contracts in an office dedicated to the function, which may help the contractors with attracting and retaining staff; and (2) by integrating its management of all infrastructure, to include both capital asset and minor construction projects, into a separate and dedicated office.

⁶⁵GAO, *Modernizing the Nuclear Security Enterprise: Uranium Processing Facility Is on Schedule and Budget, and NNSA Identified Additional Uranium Program Costs*, [GAO-20-293](#) (Washington, D.C.: Mar. 11, 2020). NNSA completed one subproject in February 2018 about 2 months early and \$18 million under budget and the other subproject in December 2019 about 6 months early and \$13 million under budget.

⁶⁶During this reorganization, NNSA also created the Office of Environment, Safety, and Health to elevate those functions into a dedicated office.

With respect to strategic management of M&O contracts, one senior official said that this idea is related to understanding how structural aspects of the M&O contract may impact the performance of the contractor. The official described one structural aspect as being the term of the contract. Specifically, M&O contracts are designed for a 10-year period that includes a 5-year base period and individual option years up to 5 years. However, because M&O contractors cannot assume that any option year will be exercised, NNSA officials said that the contractors have a hard time retaining or recruiting staff as the end of the 5-year base term approaches. NNSA senior officials stated that the newly established Office of Partnership and Acquisition Services will be better able to work with M&O contractors and determine how best to increase longer-term focus on mission delivery. NNSA senior officials said that they hope that the change in acquisitions management will lead to performance improvements in its programs and execution of work at the sites.

With respect to the reorganization related to project management, NNSA officials said that the goal is to enable the newly established Office of Infrastructure to focus on improving on-time and on-budget delivery of its infrastructure efforts, including all projects. They said that the Administrator intends for the reorganization to improve performance in the agency's project execution at the sites through increased focus on infrastructure management at a headquarters level. By situating all headquarters-level project management capability in one office—rather than splitting up management of capital asset projects and other projects—NNSA officials said that they think they will be able to improve performance, while complying with DOE's order and other project management requirements.

Officials also stated that this reorganization was in response to turnover in the Associate Administrator for Acquisition and Project Management position.⁶⁷ Officials stated that the former Associate Administrator—who had led the Office of Acquisition and Project Management since it was established in 2011—had a unique skillset tailored to the role. NNSA senior officials with whom we spoke in June 2022 said that they were concerned that the Office of Acquisition and Project Management may not have institutionalized the processes that would allow sustained improvements and continued success in the absence of the former Associate Administrator. Officials stated that NNSA took the opportunity

⁶⁷The Associate Administrator for Acquisition and Project Management retired in July 2022.

in its July 2022 reorganization to reconstitute the functions of the office into two separate offices with a sharper focus that would be driven by process rather than personality.

Mission-Enabling Office Focused on Cost Estimation

When first established, NNSA did not have an office dedicated to cost estimation and faced challenges related to independently estimating program and project costs. From 2009 through 2014, NNSA created a series of offices with some responsibility for cost estimation, but challenges persisted. Officials said that establishing the Office of Cost Estimating and Program Evaluation in 2014 has helped NNSA more effectively manage projects and programs.

1999 to 2009. During the agency's first decade, NNSA did not have capacity to perform cost estimates or to independently review cost estimates. We found in January 2007 that, in the environment of highly constrained funding and staffing that existed at the time, NNSA needed an independent budget analysis unit to ensure that appropriate budgetary decisions were made. We and the DOE Office of Inspector General recommended that NNSA establish an independent analysis unit to perform such functions as reviewing proposals for program activities, verifying cost estimates, and analyzing alternatives.⁶⁸

2009 to 2010. NNSA created the Office of Integration and Assessments in 2009 in response to those recommendations. NNSA intended this office to identify, analyze, assess, and present to senior NNSA management options for managing its programs and making decisions on resource trade-offs. This office was to provide an independent review capability analogous to that of a Department of Defense capability—carried out by the Office of Cost Assessment and Program Evaluation—that independently assesses cost estimates and program performance. However, NNSA dissolved the office 18 months later in 2010 because of insufficient staffing that restricted its effectiveness, leaving the agency without an internal independent review capability for cost estimation and program evaluation. As a result, related challenges persisted.

2010 to 2013. After the dissolution of the Office of Integration and Assessments in 2010, the Office of Defense Programs created a

⁶⁸GAO-07-36; and Department of Energy, Office of Inspector General, *National Nuclear Security Administration's Planning, Programming, Budgeting, and Evaluation Process*, DOE/IG-0614 (Washington, D.C.: August 2003).

suboffice—the Office of Analysis and Evaluation—to conduct program review functions similar to those that were intended for the dissolved office. Because the Office of Analysis and Evaluation was positioned within the Office of Defense Programs, it did not have purview to conduct analysis on any of NNSA’s other programs, which constituted nearly half of the agency’s total budget request at the time. Additionally, officials stated that the new suboffice did not have the capability to initiate reviews of programs but, rather, was instructed by the Office of Defense Programs’ management on what activities to assess, thereby limiting the office’s independence.

2013 to 2014. NNSA tried to address these challenges and to improve independent review and analysis of project and program estimates by establishing another new office. In April 2013, NNSA created the Office of Program Review and Analysis within the Office of Defense Programs to fill the gap left by the dissolution of the Office of Integration and Assessments. This office was intended to improve NNSA’s ability to plan and budget by providing senior leadership with independent advice on resource allocations to ensure the best use of the agency’s resources, including evaluating cost estimates of NNSA projects and programs.

In November 2014, we found that DOE and NNSA requirements and guidance for projects and programs generally did not reflect best practices for developing cost estimates.⁶⁹ Further, we found that DOE and NNSA programs were not required to meet any cost-estimating best practices, including having independent cost estimates performed. At that time, NNSA officials explained that NNSA cost estimating practices for programs were limited, decentralized, and inconsistent and were not governed by a cost estimating policy or single set of NNSA requirements. Consistent with our work, the Augustine-Mies panel reported in November 2014 about significant delays in the delivery of several major life extension programs and capital asset projects and found that the lack of a stable, executable plan for modernization was a fundamental weakness for NNSA.⁷⁰ The panel recommended that NNSA strengthen efforts to

⁶⁹GAO, *Project and Program Management: DOE Needs to Revise Requirements and Guidance for Cost Estimating and Related Reviews*, [GAO-15-29](#) (Washington, D.C.: Nov. 25, 2014).

⁷⁰Augustine-Mies panel report, *A New Foundation for the Nuclear Enterprise*.

develop independent cost analysis capabilities and more rigorously evaluate its projects and programs.

2014 to present. To improve NNSA's capacity to meet best practices related to cost estimation and program evaluation, Congress passed legislation in fiscal year 2014 establishing a Director of Cost Estimating and Program Evaluation to report directly to the NNSA Administrator.⁷¹ In response, NNSA established the Office of Cost Estimating and Program Evaluation. The Office of Cost Estimating and Program Evaluation was established to provide independent reviews and analyses related to estimating costs, assessing alternatives, and evaluating NNSA's program performance. According to officials from the Office of Cost Estimating and Program Evaluation, this new office was modeled after the Department of Defense's Office of Cost Assessment and Program Evaluation.

Office of Cost Estimating and Program Evaluation officials stated that initially the office was established with the authority to conduct independent cost estimates on a limited number of NNSA's programs—namely life extension programs—but did not have authority to conduct such estimates on capital asset projects governed by DOE's order on capital asset project and program management.⁷² Officials said that the office's scope and mission have expanded over the years. For example, officials stated that the Fiscal Year 2019 National Defense Authorization Act expanded the Office of Cost Estimating and Program Evaluation's authority to allow it to conduct independent cost estimates on capital asset projects.⁷³ According to officials, NNSA's Office of Cost Estimating and Program Evaluation made an agreement with DOE's Office of Project Management that NNSA's office would conduct the independent estimates for early phases of a project (for mission need approval, selection of alternatives, and establishing initial cost range), and DOE's Office of Project Management would conduct independent estimates for approval of performance baselines before construction begins.

⁷¹Congress established the Director of Cost Estimating and Program Evaluation under the National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, § 3112, 127 Stat. 672, 1050 (2013) (codified as amended at 50 U.S.C. § 2411).

⁷²Department of Energy, *Program and Project Management for the Acquisition of Capital Assets*, DOE Order 413.3B (Washington, D.C.: Jan. 12, 2021).

⁷³John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, § 3113, 132 Stat. 1636, 2290 (2018).

Further, the office's scope expanded in a June 2021 update to an NNSA supplemental directive requiring the Office of Cost Estimating and Program Evaluation to conduct independent reviews of analyses of alternatives.⁷⁴ Office of Cost Estimating and Program Evaluation officials stated that this independent review is to ensure that the analysis supporting selection of a preferred alternative is high quality, reliable, and unbiased, and that it describes any shortfalls in the analysis to the Administrator and the program office to enable informed decision-making. NNSA officials said that establishing the Office of Cost Estimating and Program Evaluation has helped NNSA more effectively manage projects and programs. In March 2022, we recognized this improvement and identified NNSA's establishment of the Office of Cost Estimating and Program Evaluation in response to legislation as one key practice that contributed to NNSA's progress in the high-risk area.⁷⁵

NNSA's July 2022 reorganization did not affect the Office of Cost Estimating and Program Evaluation or the statutorily required position of its director.

NNSA Removed Reporting Layers between Field Offices and the Administrator

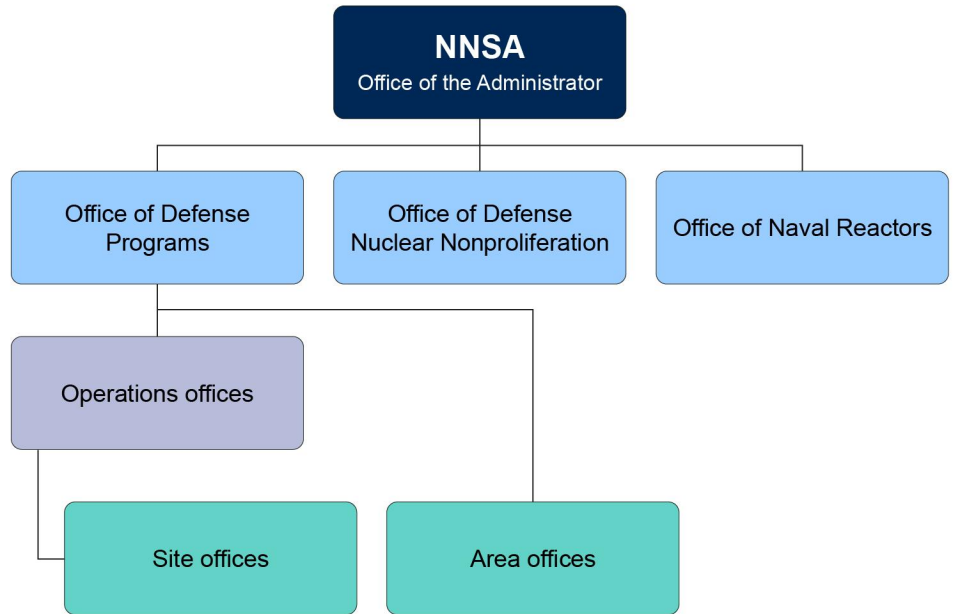
NNSA removed reporting layers between its field-based offices—which are the federal presence at sites and are responsible for managing and overseeing the contracts—and the NNSA Administrator. Since 1999, NNSA has modified its field-based office structure several times, primarily in response to reports that identified management and governance challenges that existed within this field-based office structure, and between it and headquarters-based offices.

⁷⁴National Nuclear Security Administration, *Analysis of Alternatives*, Supplemental Directive (SD) 413.3-3 (Washington, D.C.: June 23, 2021). The analysis of alternatives process is an analytical study conducted to compare the operational effectiveness, cost, and risks of a number of potential alternatives to address valid needs and shortfalls in operational capability. This process helps ensure that the best alternative that satisfies the mission need is chosen on the basis of the selection criteria, such as safety, cost, or schedule. See GAO, *Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Program Costs*, [GAO-20-195G](#) (Washington, D.C.: March 2020).

⁷⁵GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

When NNSA was first established in 1999, NNSA’s field-based office structure included site offices that reported to operations offices. Initially, NNSA had two operations offices—the Albuquerque Operations Office (which had site offices for Los Alamos National Laboratory, Sandia National Laboratories, Kansas City Plant, and Pantex Plant) and the Nevada Operations Office. In October 2000, DOE moved the Oakland Operations Office (and its site office for Livermore National Laboratory) to the purview of NNSA, and it became NNSA’s third operations office. Also at this time, NNSA established two area offices—one at Y-12 and one at the Savannah River Site—which did not report to a NNSA operations office. Operations offices and area offices reported to the Office of Defense Programs, even though they had responsibilities related to missions beyond that of the Office of Defense Programs (see fig. 3).

Figure 3: NNSA’s Organizational Structure and Line of Reporting for Field-Based Offices, as of October 2000



Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

We found in December 2001 that NNSA—about 2 years after its establishment—lacked an overall organizational structure that addressed long-standing management and governance challenges such as the division of roles and responsibilities among headquarters and field-based

offices.⁷⁶ Specifically, we found that the details regarding how headquarters-based offices and field-based offices should work together were unclear. We stated that NNSA field-based managers were concerned that reporting relationships were becoming more complex and confused, rather than less so. For example, it was possible for site offices to receive direction from multiple headquarters-based offices on such areas as infrastructure management and major construction projects. These confused lines of authority between headquarters and site offices directly affected management and oversight of M&O contractors and the coordination of programs and activities being implemented at the sites. Multiple NNSA offices and positions—area office managers, operations office managers, and headquarters-based managers—provided direction and guidance to the M&O contractors. This undermined NNSA’s ability to hold its contractors accountable for performance.

NNSA recognized that these organizational coordination issues needed to be addressed and began an effort to clarify the unclear lines of authority between headquarters and site offices in December 2002. We found in June 2004 that the Administrator reorganized NNSA to remove a reporting layer between headquarters and site offices to strengthen site offices’ management and oversight of M&O contracts.⁷⁷ NNSA closed its three operations offices and consolidated their administrative functions into a single newly established office—the NNSA Service Center—that was located in Albuquerque, New Mexico.

The NNSA Service Center was intended to provide business and technical support services to the site offices and headquarters-based program offices. Many of the federal staff from the Albuquerque Operations Office remained in the Albuquerque facility and staffed the Service Center, along with other staff moved from the other two operations offices. NNSA headquarters-based program offices absorbed the operations functions, according to the Augustine-Mies panel’s November 2014 report.⁷⁸ The report said that decades of operational experience, knowledge, and technical expertise that was once resident

⁷⁶[GAO-02-93R](#).

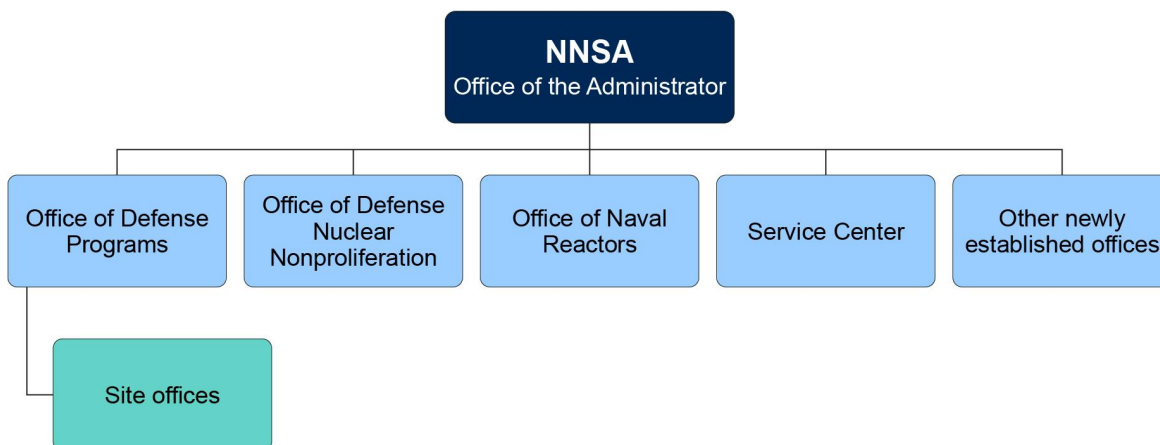
⁷⁷GAO, *National Nuclear Security Administration: Key Management Structure and Workforce Planning Issues Remain as NNSA Conducts Downsizing*, [GAO-04-545](#) (Washington, D.C.: June 25, 2004).

⁷⁸Augustine-Mies panel report, *A New Foundation for the Nuclear Enterprise*. The panel reported that the operations offices’ operating functions were greatly diminished by late 2002, since the United States had completed a modernization cycle and had no requirements to produce warheads.

within the Albuquerque Operations Office in particular were lost in the reorganization because operations staff did not want to transfer to headquarters.

The new field-based office structure consisted of eight site offices, which included those offices previously referred to as “area offices”, and these were located along with each of the sites managed and operated by NNSA’s major contractors. Site offices started directly reporting to the Office of Defense Programs (see fig. 4).

Figure 4: NNSA’s Organizational Structure after Closing Operations Offices in December 2002



Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

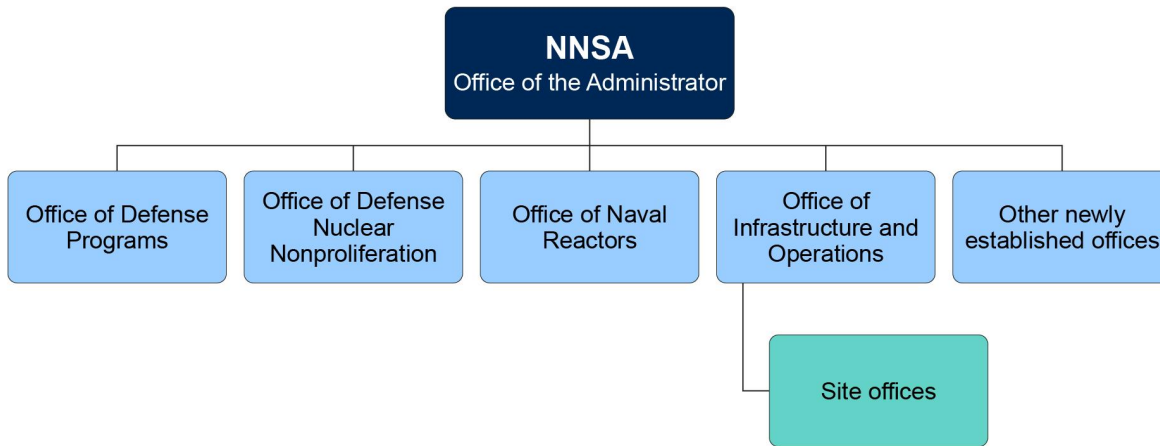
Note: Other newly established offices included the Office of Emergency Operations, Office of Facilities and Operations, and Office of Management and Administration.

NNSA officials we spoke with at two field offices said that the long-standing issues related to unclear roles and responsibilities of headquarters-based offices and site offices that had previously been identified remained a challenge for almost the next decade, despite the changes described. In May 2011, NNSA dissolved the Service Center as a standalone functional office and moved several of its functions into new functional offices, such as NNSA’s Management and Budget office and the Office of Safety and Health, according to an NNSA memorandum from February 2012. The Albuquerque facility became a NNSA satellite headquarters office location, with staff from multiple offices working there. According to a February 2012 NNSA memorandum, dissolving the Service Center was intended to help improve efficiency and clarify responsibilities, and establishing the Office of Safety and Health was

intended to fully integrate safety functions into one dedicated functional office.

According to an NNSA memorandum from June 2012, oversight of contractors in the field would be better managed if site offices reported to an office that clearly supported all of the agency’s missions, rather than remaining under the Office of Defense Programs. In June 2012, NNSA moved the line of reporting for the site offices from Office of Defense Programs to the short-lived Office of Infrastructure and Operations to help strengthen field-based offices’ oversight of contractors, according to an NNSA memorandum (see fig. 5).

Figure 5: NNSA’s Organizational Structure after Establishing the Office of Infrastructure and Operations in June 2012



Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

Note: Other newly established offices included the Office of Defense Nuclear Security, Office of Counterterrorism, Office of Acquisition and Project Management, Office of Information Management, Office of External Affairs, Office of Safety and Health, and Office of Civil Rights. NNSA changed the name of the Office of Management and Administration to NNSA’s Management and Budget office in 2011. NNSA also changed the name of the Office of Facilities and Operations to the Office of Infrastructure and Security in 2003, and then to the Office of Infrastructure and Environment in 2004, prior to establishing the Office of Infrastructure and Operations.

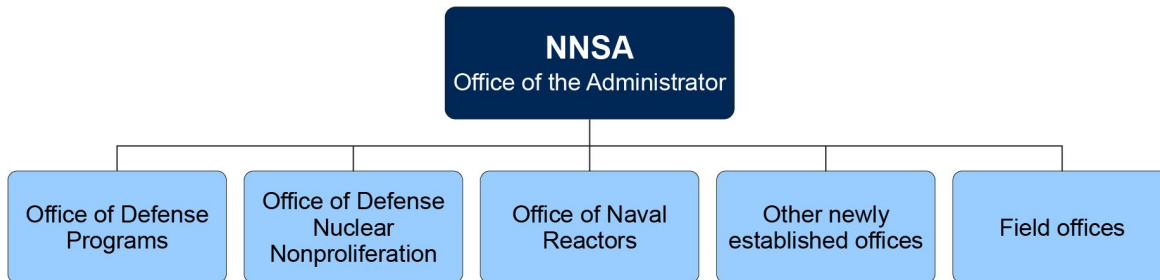
In its November 2014 report, the Augustine-Mies panel described the relationships between NNSA’s headquarters and field-based offices as still being dysfunctional.⁷⁹ For example, the panel found issues related to coordination between headquarters and field-based offices—with staff in the field noting difficulties in obtaining decisions from headquarters-based offices. Staff in the field also described to the panel that headquarters staff provided instruction to the different levels of staff in the field as well

⁷⁹Augustine-Mies panel report, *A New Foundation for the Nuclear Enterprise*.

as to contractor staff, circumventing the managers, with little regard or appreciation for the implications that such direction would have for the overall program. In turn, headquarters staff spoke of difficulties caused when staff in the field or the M&O contractors did not share information or circumvented headquarters staff. The panel stated that such poor communication and coordination, as well as failure to adhere to lines of authority, ran counter to the practices of successful organizations.

In December 2014, NNSA started referring to site offices as “field offices” and, partly in response to the Augustine-Mies panel’s findings, field offices started reporting directly to the Administrator. This created a flatter organizational structure for NNSA and placed field offices at essentially a peer level with an expanded number of program, functional, and mission-enabling offices (see fig. 6).

Figure 6: NNSA’s Organizational Structure after Changing Field Offices’ Line of Reporting in December 2014



Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

Note: Other newly established offices included the Office of Cost Estimating and Program Evaluation and the Office of Safety, Infrastructure, and Operations. NNSA expanded its Office of Counterterrorism to become the Office of Counterterrorism and Counterproliferation. NNSA also started referring to site offices as “field offices.”

Office-Level Organizational Structure of Naval Reactors

Office of Naval Reactors (Naval Reactors) officials told us that their office-level organizational structure has historically been flat—with the Deputy Administrator having more than 30 direct reports that are each responsible for a specific functional area for the office and are located in headquarters and the field. Naval Reactors has had this flat structure since its time within the Department of Energy, well before the establishment of the National Nuclear Security Administration in 1999.

According to Naval Reactors officials, this flat structure allows those managing the program and projects, and governing the work done by contractors, to have direct lines of communication, responsibility, and accountability to the Deputy Administrator for Naval Reactors.

Officials said that this flat organizational structure supports one of Naval Reactors' core principles—accountability at the lowest level. This enables more efficient and effective resolution of problems and fosters continuous improvement.

Source: GAO interview with Naval Reactors officials. | GAO-23-105299

NNSA officials from all seven field offices said that this latest reorganization related to field offices' line of reporting enhanced direct communication between the field offices and the Administrator. These officials told us that this, in turn, has benefitted NNSA and allowed more effective mission execution at the sites. Specifically, officials from most of the field offices said that they have been informed of decisions more directly from, and can provide information more directly to, the Administrator without having an additional layer that could filter perspectives and slow updates. Officials from some field offices also stated that this clarified their place in the organization and their line of authority. They said that it has helped prevent headquarters-based program and functional offices from providing instruction to the M&O contractors outside of proper channels.

NNSA's July 2022 reorganization did not affect the reporting structure for field offices.

NNSA Has Taken Some Actions to Address Challenges Related to Coordination in a Flatter Organization

NNSA has taken some actions to address previously identified challenges related to coordination in its flatter organizational structure. These actions are consistent with some leading collaboration practices that we have previously identified as being beneficial for coordinating program implementation and oversight.⁸⁰ NNSA officials said that challenges related to coordination have persisted through, or arisen from, the organizational changes that created the agency's flatter organizational structure.⁸¹ Effective communication—an essential aspect of coordination—has also been a challenge but has been more challenging

⁸⁰For the purposes of this report, we define "collaboration" as any joint activity that is intended to produce more public value than could be produced when the entities act alone, and we use "collaboration" and "coordination" interchangeably. See [GAO-12-1022](#). We did not evaluate NNSA's actions against all of the leading collaboration practices; we are describing some of NNSA's actions that are consistent with some of those leading practices.

⁸¹According to PMI, the governance approach implemented in an organization reflects that organization's structure and processes. While some structures are more top-down approaches, with various hierarchies, others may be flatter in nature, with functions spread across multiple offices. Project Management Institute, Inc., *Governance of Portfolios, Programs, and Projects* (2016).

in NNSA's flatter organization, according to NNSA officials. Coordinating effectively in the flatter structure is challenging because the additional interfaces require officials to determine what is significant enough to elevate to the Administrator and also to ensure that they communicate the right information to the right people at their own level in the program, functional, mission-enabling, and field offices, according to officials.

NNSA officials said that the agency's flatter structure, with an increasing number of offices over time, has created additional peer-to-peer interfaces—points at which NNSA program, functional, mission-enabling, and field offices must interact. For example, field offices previously reported directly up to the Office of Defense Programs (vertical coordination), and field office officials said that they did not typically engage with other field offices (lateral coordination) or with other program offices like the Office of Defense Nuclear Nonproliferation. After 2014, field offices started reporting directly to the Administrator, and they also started having many more points across the agency with which to coordinate—program offices, functional offices, mission-enabling offices, and other field offices.

Officials said that NNSA has taken actions to improve coordination across its offices by defining a common outcome and clarifying roles and responsibilities.

- **Defining a common outcome.** We have previously found that having a clear and compelling rationale to work together, and communicating that rationale, is a leading practice for effective collaboration.⁸² In fiscal year 2019, NNSA published three companion strategic documents: (1) *Strategic Vision*, (2) *Governance and Management Framework*, and (3) *Strategic Integrated Roadmap*.⁸³ The *Strategic Vision* identifies NNSA's policy direction and mission priorities; the *Governance and Management Framework* lays out high-level expectations for headquarters and field-based staff, as well as for contractors, for how NNSA can deliver on those mission priorities; and

⁸²[GAO-12-1022](#).

⁸³National Nuclear Security Administration, *Strategic Vision: Strengthening our Nation through Nuclear Security* (Washington, D.C.: December 2018); *Governance and Management Framework* (Washington, D.C.: March 2019); and *Strategic Integrated Roadmap* (Washington, D.C.: May 2019).

the *Strategic Integrated Roadmap* illustrates the path detailed in the other two documents.⁸⁴

NNSA officials we interviewed said that these strategic documents helped define common outcomes—the mission priorities that span the agency and its offices. Specifically, officials pointed to these strategic documents highlighting the concept of “one NNSA”—a goal for everyone to understand their roles in achieving the mission and working together with a shared purpose. Because of the inclusion of this concept, the National Academies of Sciences, Engineering, and Medicine and National Academy of Public Administration panel recognized these strategic documents as a significant improvement in its final report on NNSA’s management and governance in 2020.⁸⁵

NNSA updated its *Strategic Vision* in May 2022.⁸⁶ This most recent version includes modified mission priorities, and it no longer specifically includes the concept of “one NNSA.” Officials said that NNSA updated the *Strategic Vision* to address current conditions, and includes modified mission priorities and identifies how to accomplish the mission under evolving conditions. Officials said that the underlying concept—having an effective, unified team working toward accomplishing NNSA’s missions—is present throughout the document and remains a critical priority for the current Administrator. Officials from NNSA’s Office of Policy and Strategic Planning said that NNSA will update the framework and the roadmap to align with its updated

⁸⁴The five mission priorities delineated in the 2019 *Strategic Vision* are (1) maintain the safety, security, and effectiveness of the nation’s nuclear deterrent; (2) reduce global nuclear security threats and strengthen the nuclear enterprise; (3) provide safe and integrated nuclear propulsion systems for the U.S. Navy; (4) strengthen key science, technology, and engineering capabilities; and (5) modernize the national security infrastructure.

⁸⁵National Academies of Sciences, Engineering, and Medicine and the National Academy of Public Administration fourth report on NNSA governance and management reform.

⁸⁶National Nuclear Security Administration, *Strategic Vision: Innovate. Collaborate. Deliver.* (Washington, D.C.: May 2022).

Strategic Vision and to reflect the July 2022 reorganization, as appropriate.⁸⁷

- **Clarifying roles and responsibilities.** Defining or clarifying roles and responsibilities is another leading practice for effective collaboration, according to our prior work.⁸⁸ NNSA officials said that the agency has clearly defined program, functional, mission-enabling, and field offices' roles and responsibilities in managing and overseeing the agency's work and that the federal workforce understands these roles and responsibilities.

We found that NNSA's March 2019 *Governance and Management Framework* clarified, at a high level, the roles and responsibilities of the program, functional, and field offices by including "corporate expectations" for each—lists of best practices for the relationships among all entities that comprise the nuclear security enterprise. Further, NNSA updated its supplemental directive on site governance in October 2019 so that it aligns the governance approach at the sites with the framework.⁸⁹ The directive details the responsibilities for various positions involved in managing and overseeing the contracts, and it provides guidance and processes that emphasize the need for timely communication and collaboration.

For example, NNSA's directive outlines program, functional, mission-enabling, and field offices' roles and responsibilities for the integration work that is necessary for NNSA because a single site may support multiple programs, and a single program may rely on multiple sites. Specifically, the directive states that program managers are to integrate overall program plans and priorities; functional managers are to ensure that considerations such as safety and security are fully integrated into the field oversight process; and field office managers are to integrate operational decision-making at the site. Officials said that the framework and directive better inform a common understanding of the roles and responsibilities within the organization.

⁸⁷Office of Policy and Strategic Planning officials stated that their office is responsible for NNSA's governance and management functions and products, such as the *Governance and Management Framework* and *Strategic Vision*. According to these officials, effective in July 2020, the office manages NNSA's directives to enable a more strategic approach to the development of NNSA internal policy and directives. The office also manages several other initiatives, including the Governance Executive Steering Committee, working groups, and training on governance and management.

⁸⁸[GAO-12-1022](#).

⁸⁹National Nuclear Security Administration, SD 226.1C, *NNSA Site Governance*.

NNSA's Office of Policy and Strategic Planning officials said that they will update the framework and directive to reflect the July 2022 reorganization and include NNSA-wide governance and management requirements. Officials said that they intend to release the revised directive by the end of 2022.

Officials described other actions that NNSA has taken to improve coordination across office boundaries. We found that these actions include creating collaborative mechanisms, such as establishing liaison positions and co-locating staff.⁹⁰

- **Establishing liaison positions.** We have found that collaboration can take time and resources to accomplish and that liaisons may help with collaboration.⁹¹ To further enhance communication and collaboration between program offices and field offices, NNSA formally established Program Liaisons in the October 2019 update of its site governance supplemental directive.⁹² NNSA's Program Liaisons are located in field offices and report to the Field Office Manager, but they closely support an assigned headquarters-based program.

Officials from field and program offices said that Program Liaisons work closely with Program Managers from each program to understand expectations at the site. The Program Liaisons have helped ensure that direction from program offices is clearly articulated and understood by all involved. Officials said that Program Liaisons are conduits of key information and that program offices depend on that communication to support integration across sites. NNSA officials stated that the July 2022 reorganization will not change the Program Liaison position's role or responsibilities.

- **Co-location of staff.** NNSA began co-locating staff from within its Office of Acquisition and Project Management in other offices in 2021. After the Administrator chartered working groups to study ways for NNSA to become more efficient at accomplishing its missions, the Administrator determined that acquisition resources needed better integration in the field. In response, the Office of Acquisition and Project Management finalized an agreement with field offices in March

⁹⁰[GAO-12-1022](#).

⁹¹[GAO-12-1022](#). We define "liaisons" as employees of one organization assigned to work primarily or exclusively with another.

⁹²National Nuclear Security Administration, SD 226.1C, *NNSA Site Governance*.

2021 to co-locate the Procuring Contracting Officer position for each M&O contract in the associated field office.⁹³ The agreement states that the change is intended to improve integration between headquarters and the field and does not affect the field offices' Administrative Contracting Officers.⁹⁴

Co-located Procuring Contracting Officers may improve coordination between headquarters and field offices by acting as advisors to Field Office Managers on acquisition regulations and working more closely with Administrative Contracting Officers on M&O contract administrative functions. Officials from one field office said that the change is too recent for them to evaluate the overall effect of the action on addressing coordination challenges. NNSA officials said that the majority of Procuring Contracting Officer positions will report to the newly established Office of Partnership and Acquisition Services following the July 2022 reorganization, but the position's role and responsibilities will not change.⁹⁵

NNSA officials from several offices described the agency's organizational changes, and its actions to address coordination challenges, as being indicative of a learning organization—one that continually modifies itself to reflect new knowledge. NNSA officials said that they recognize that the

⁹³Contracting officers hold the warrants that allow them to negotiate on behalf of the government—such as to execute or modify a contract. According to the March 2021 agreement between NNSA's Office of Acquisition and Project Management and field offices, Procuring Contracting Officers are responsible for duties related to M&O contract awards and contract administration. These duties include, but are not limited to the following: ensure that all aspects of the M&O contract administration is in accordance with the Federal Acquisition Regulation, DOE Acquisition Regulation, and NNSA policies and regulations; provide expert level procurement advice and support to Field Office Managers; ensure that M&O contract actions represent sound business decisions for NNSA; and lead M&O contract competitions.

⁹⁴According to the March 2021 agreement, Administrative Contracting Officers are responsible for performing all duties as delegated and within the limits of their warrant authority. These duties include, but are not limited to, the following: perform all on-site contract administration functions necessary to ensure effective oversight of the contractor's compliance with terms and conditions of the contract; ensure that contract actions are reviewed and receive the level of coordination and approval as required; ensure that costs incurred under the M&O contract are allocable, allowable, and reasonable, in accordance with contract requirements, the Federal Acquisition Regulation, and DOE Acquisition Regulation; and appoint M&O Contracting Officer Representatives in coordination with the respective Procuring Contracting Officer.

⁹⁵NNSA officials told us that the M&O Construction Contracting Division—including its supervisor that is a Procuring Contracting Officer position—will not report to the Office of Partnership and Acquisition Services but to the Office of Infrastructure.

agency's organizational structure will likely continue to change in the future in response to the agency's evolving mission. For example, NNSA officials said that there are two ongoing internal reviews that may lead to high-level process changes or organizational changes. Specifically, NNSA officials said that one review, referred to as the "Enhanced Mission Delivery Initiative," is focused on governance of the enterprise and is specifically related to the agency's relationship with M&O contractors. Officials said that this review has been conducted in parallel with, and in consideration of, the July 2022 reorganization and that it will include recommendations on how to refine NNSA's agency-wide processes and relationships. The other review is focused on the Office of Defense Nuclear Nonproliferation's priorities in light of the current geopolitical environment. In February 2022, NNSA announced that it planned to establish a federal advisory committee to review Defense Nuclear Nonproliferation priorities, which could result in recommendations for further organizational change.⁹⁶

NNSA's Organizational Change Policy Partially Aligns with Selected Key Reform Practices, and NNSA's July 2022 Reorganization Did Not Fully Follow Its Policy

NNSA's organizational change policy and internal procedures partially align with the four broad categories of key practices for agency reform. Specifically, NNSA's policy and procedures at least partially align with all selected practices in each category and fully align with some of the practices, meaning that aspects of the policy and procedures, when followed, could help ensure that reorganizations are successful. However, for the agency's most recent reorganization that became effective in July 2022, NNSA did not clearly define a mission need, consistent with its

⁹⁶Advisory committees play an important role in informing public policy and government regulations by advising the President and federal agencies on national issues. These committees perform peer reviews of scientific research, develop recommendations on specific policy decisions, identify long-range issues facing the nation, and evaluate grant applications. The Federal Advisory Committee Act requires federal agencies to ensure that federal advisory committees make decisions that are independent and transparent to the public. Pub. L. No. 92-463, 86 Stat. 770 (1972) (codified as amended at 5 U.S.C. app. 2).

policy. Also, NNSA did not establish specific outcome-oriented goals and performance measures, consistent with key practices for agency reform.

NNSA's Organizational Change Policy and Procedures Partially Align with Selected Key Practices


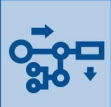


NNSA's organizational change policy and internal procedures related to implementing the policy partially align with selected key practices for agency reform. The policy details requirements and procedural steps that NNSA offices proposing an organizational change should follow to document the proposed change and to ensure that it is appropriately reviewed and approved.⁹⁷ The policy states that NNSA leaders must develop proposals based on organization or mission needs and be clearly reflected in NNSA's strategic plan. NNSA's Management and Budget office—the office responsible for implementing the policy—also has internal procedural documents, such as a sample reorganization memorandum and an employee crosswalk template. Officials from NNSA's Management and Budget office said that the policy and procedures lay out a purposefully deliberative process for proposing any organizational change. These officials recognized the need for organizations to evolve in response to challenges but said that changes should be driven by need and should be justified.

We evaluated NNSA's organizational change policy and procedures against all four broad categories and 10 selected subcategories of key practices for agency reform.⁹⁸ These key practices for agency reform can be used by agencies to assess the development and implementation of organizational changes (see fig. 7).

⁹⁷National Nuclear Security Administration, Business Operating Procedure 110.2.

⁹⁸[GAO-18-427](#). We selected 22 of the 58 key questions and 10 of 12 subcategories of key practices for agency reform. We selected those that were most applicable to assessing NNSA's organizational change policy and procedures in the context of our review. See app. I for a full description of our scope and methodology.

Figure 7: Selected Key Reform Practices and Examples of Selected Key Questions Used to Assess the National Nuclear Security Administration’s (NNSA) Organizational Change Policy and Procedures

Categories of key reform practices		Selected key reform practices	Examples of selected key questions
Goals and Outcomes 	<i>What was the agency trying to achieve with its proposed reforms, and who should achieve it.</i>	<ul style="list-style-type: none"> • Determining the Appropriate Role of the Federal Government • Establishing Goals and Outcomes 	<ul style="list-style-type: none"> • To what extent have the proposed reforms considered if a new mechanism is needed to integrate and coordinate programs between levels of government? • To what extent has the agency established clear outcome-oriented goals and performance measures for the proposed reforms? • To what extent has the agency shown that the proposed reforms align with the agency’s mission and strategic plan? • To what extent has the agency considered the likely costs and benefits of the proposed reforms? If so, what are they?
Process for Developing Reforms 	<i>What was the process used to develop the proposed reforms, and what factors were considered.</i>	<ul style="list-style-type: none"> • Involving Employees and Key Stakeholders • Using Data and Evidence • Addressing Fragmentation, Overlap, and Duplication • Addressing High Risk Areas and Long-Standing Management Challenges 	<ul style="list-style-type: none"> • How and to what extent has the agency consulted with the Congress, and other key stakeholders, to develop its proposed reforms? • How and to what extent has the agency engaged employees and employee unions in developing the reforms to gain their ownership for the proposed changes? • What data and evidence has the agency used to develop and justify its proposed reforms?
Implementing the Reforms 	<i>What practices did the agency put in place to support the successful implementation of proposed reforms.</i>	<ul style="list-style-type: none"> • Leadership Focus and Attention • Managing and Monitoring 	<ul style="list-style-type: none"> • Has agency leadership defined and articulated a succinct and compelling reason for the reforms (i.e., a case for change)? • How will the agency hold the leader or leaders accountable for successful implementation of the reforms? • Has the agency established a dedicated implementation team that has the capacity, including staffing, resources, and change management, to manage the reform process?
Strategically Managing the Federal Workforce 	<i>What practices did the agency use to support the development and implementation of its proposed reforms regarding its workforce.</i>	<ul style="list-style-type: none"> • Employee Engagement • Strategic Workforce Planning 	<ul style="list-style-type: none"> • To what extent has the agency conducted strategic workforce planning to determine whether it will have the needed resources and capacity, including the skills and competencies, in place for the proposed reforms or reorganization? • What succession planning has the agency developed and implemented for leadership and other key positions in areas critical to reforms and mission accomplishment? • What employment- and mission-related data has the agency identified to monitor progress of reform efforts and to ensure no adverse impact on agency mission, and how is it using that data?

Source: GAO. | GAO-23-105299

Note: We selected 22 key questions as applicable to NNSA’s organizational structure and most relevant for NNSA to consider for any future organizational changes. Examples of these questions that we selected are included in the right-hand column.

We found that NNSA’s organizational change policy and procedures partially align with the four broad categories of agency reform key practices: (1) Goals and Outcomes, (2) Process for Developing Reforms, (3) Implementing the Reforms, and (4) Strategically Managing the Federal Workforce.

Goals and Outcomes. NNSA’s organizational change policy and procedures partially align with the broad category of practices related to Goals and Outcomes. Specifically, they fully align with the practice of determining the appropriate role of the federal government, and they partially align with the practice of establishing goals and outcomes (see table 1).

Table 1: Extent to Which NNSA’s Organizational Change Policy and Procedures Align with Selected Key Reform Practices Related to Goals and Outcomes

Selected key reform practice	Extent NNSA’s policy and procedures align	Summary of findings
Determining the Appropriate Role of the Federal Government	fully align	<ul style="list-style-type: none"> NNSA’s policy requires the agency to conduct a regulatory review of any proposed organizational changes.
Establishing Goals and Outcomes	partially align	<ul style="list-style-type: none"> NNSA’s policy and procedures direct offices proposing a change to provide goals or objectives for the change and require the proposed change to be reflected in NNSA’s strategic plan. NNSA’s policy and procedures do not direct offices proposing a change to include any specific outcome-oriented goals and performance measures that would allow NNSA to determine whether any implemented change achieved its intended goals or objectives.

Legend:

- – NNSA’s organizational change policy and procedures fully align with key practice by addressing all selected questions.
- ◐ – NNSA’s organizational change policy and procedures partially align with key practice by addressing some selected questions.
- – NNSA’s organizational change policy and procedures do not align with key practice by not addressing selected questions.

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

- Determining the Appropriate Role of the Federal Government.** Our prior work has shown that agencies can assess which level of the organization has the capacity to deliver on mission needs and can manage its programs effectively.⁹⁹ We found that NNSA’s policy fully aligns with this key reform practice by requiring the agency to conduct a regulatory review of any proposed organizational change. This allows NNSA to determine whether any statutory or regulatory changes would be needed to support transfer of responsibilities among its offices.
- Establishing Goals and Outcomes.** Our prior work has shown that designing proposed reforms to achieve specific outcome-oriented goals and performance measures helps decision makers reach a shared understanding of the purpose of the reforms.¹⁰⁰ Agreement on

⁹⁹GAO-18-427.

¹⁰⁰GAO-18-427.

performance measures can help agencies determine whether the reform was successful in meeting those goals. We found that NNSA’s policy and procedures do not require that a proposed change package include any specific outcome-oriented goals and performance measures. Officials from NNSA’s Management and Budget office said that NNSA does not have a formal process for establishing performance measures and assessing whether an implemented change achieved its intended goals or objectives. These officials said that establishing performance measures for each organizational change would better allow NNSA to be able to assess the success of implemented changes, something that NNSA has not always been able to do in past reorganizations.

Process for Developing Reforms. NNSA’s organizational change policy and procedures partially align with the broad category of Process for Developing Reforms. Specifically, they fully align with the practice of addressing fragmentation, overlap, and duplication; partially align with the practice of involving employees and key stakeholders; partially align with the practice of using data and evidence; and partially align with addressing high-risk areas and long-standing management challenges (see table 2).

Table 2: Extent to Which NNSA’s Organizational Change Policy and Procedures Align with Selected Key Reform Practices Related to Process for Developing Reforms

Selected key reform practice	Extent NNSA’s policy and procedures align	Summary of findings
Addressing Fragmentation, Overlap, and Duplication	fully align	<ul style="list-style-type: none"> NNSA’s policy states that offices proposing a change must confirm that any proposed added function is not duplicative, or must justify the duplication.
Involving Employees and Key Stakeholders	partially align	<ul style="list-style-type: none"> NNSA’s policy directs leaders to consult with NNSA’s human resources staff during proposal development. NNSA’s policy requires that NNSA-approved change packages be sent to the Department of Energy’s Workforce Analysis and Planning Division for implementation. NNSA’s policy and procedures do not include a specific reference to engaging employees while developing proposed changes.

Selected key reform practice	Extent NNSA's policy and procedures align	Summary of findings
Using Data and Evidence	partially align	<ul style="list-style-type: none"> NNSA's policy and procedures direct offices proposing a change to analyze whether the proposed change is based on mission need and is the most efficient way to fulfill the organization's strategic goals. NNSA's policy requires the NNSA Director of Human Resources to consult with NNSA budget staff on proposed and approved changes. NNSA's policy and procedures do not require an assessment of whether the data or other analyses support the proposed change, or to confirm that any analysis completed shows the proposed change to be the most efficient.
Addressing High-Risk Areas and Long-Standing Management Challenges	partially align	<ul style="list-style-type: none"> NNSA's policy states that proposed changes must be developed based on organization and mission needs and in keeping with management practices and available resources. NNSA's policy and procedures do not include a requirement for offices or entities proposing the change to consider relevant high-risk issues, Inspector General's major management challenges, and other external and internal reviews in developing organizational changes.

Legend:

- – NNSA's organizational change policy and procedures fully align with key practice by addressing all selected questions.
- ◐ – NNSA's organizational change policy and procedures partially align with key practice by addressing some selected questions.
- – NNSA's organizational change policy and procedures do not align with key practice by not addressing selected questions.

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

- Addressing Fragmentation, Overlap, and Duplication.** Our prior work has shown that an agency may be able to achieve greater efficiencies or effectiveness by reducing or better managing programmatic fragmentation, overlap, and duplication.¹⁰¹ We found that NNSA's policy fully aligns with this key practice by requiring confirmation that any function added by a proposed organizational change would not be duplicative, or that the duplication must be justified. The policy also requires a determination of whether a function being considered for abolishment is covered by another organization within NNSA or that the function is no longer needed to support NNSA's mission.
- Involving Employees and Key Stakeholders.** Our prior work has shown that it is important for agencies to directly and continuously involve their employees, Congress, and other key stakeholders in the

¹⁰¹GAO-18-427.

development of any major reforms.¹⁰² Involving employees and other stakeholders helps facilitate the development of reform goals and objectives, as well as helps to incorporate insights from a frontline perspective, and increases acceptance of any changes. We found that NNSA's policy and procedures do not include specific reference to engaging employees while developing proposed changes. Officials from NNSA's Management and Budget office said that this is because they engage employees in other ways—formally through the annual Federal Employee Viewpoint Survey and informally through office-level leadership's engagement with employees, for example. However, these efforts are not specific to developing organizational changes and, therefore, would not fully align with the intent of the key practice of involving key stakeholders and employees in developing the reform.

- **Using Data and Evidence.** Our prior work has shown that agencies are better equipped to address challenges when managers effectively use data and evidence, such as data from program evaluations, which provide information on how well an office is achieving its goals.¹⁰³ The use of data and evidence is critical for setting priorities and allocating resources, for identifying a compelling reason for a proposed reform, and for identifying appropriate corrective actions to solve performance problems and ultimately improve results. We found that NNSA's policy and procedures direct offices proposing a change to analyze whether the proposed change is based on mission need and is the most efficient to fulfill the organization's strategic goals. NNSA's Management and Budget officials told us that the offices would probably rely on budget data to do such analyses. However, they are not required to provide such data or any supporting analyses of mission performance in the proposed change package, and NNSA is not required to assess whether data or other analyses support the proposed change or to confirm that any analysis completed shows the proposed change to be the most efficient.
- **Addressing High-Risk Issues and Long-Standing Management Challenges.** Our prior work has shown that reforms intended to improve the effectiveness of the federal government often require

¹⁰²We previously reported this in GAO, *Open Innovation: Executive Branch Developed Resources to Support Implementation, but Guidance Could Better Reflect Leading Practices*, [GAO-17-507](#) (Washington, D.C.: June 8, 2017).

¹⁰³We previously reported this in GAO, *Managing for Results: Further Progress Made in Implementing the GPRA Modernization Act, but Additional Actions Needed to Address Pressing Governance Challenges*, [GAO-17-775](#) (Washington, D.C.: Sept. 29, 2017).

addressing long-standing weaknesses in how some agencies operate.¹⁰⁴ Agency reforms provide an opportunity to address the high-risk areas and government-wide challenges we have called attention to that are vulnerable to fraud, waste, abuse, and mismanagement, or are in need of transformation. We found that NNSA’s policy and procedures do not require consideration of high-risk issues, the DOE Inspector General’s major management challenges, or the findings of other external and internal reviews in developing organizational changes. NNSA’s Management and Budget officials noted that addressing these types of issues may be more under the purview of the Office of Policy and Strategic Planning and could be addressed in higher-level strategic documents, such as NNSA’s Governance and Management Framework. However, the organizational change policy does not mention any role for the Office of Policy and Strategic Planning in developing organizational changes and, because the policy predates the framework, it does not mention the framework.

Implementing the Reforms. NNSA’s organizational change policy and procedures partially align with the broad category of Implementing the Reforms. Specifically, NNSA’s policy and procedures fully align with the practice of managing and monitoring of reform implementation and partially align with the practice of leadership focus and attention to implementing the reforms (see table 3).

Table 3: Extent to Which NNSA’s Organizational Change Policy and Procedures Align with Selected Key Reform Practices Related to Implementing the Reforms

Selected key reform practice	Extent NNSA’s policy and procedures align	Summary of findings
Managing and Monitoring	fully align	<ul style="list-style-type: none"> NNSA’s policy details the requirements and responsibilities for NNSA’s leaders and NNSA’s Management and Budget office. The policy indicates, and NNSA officials confirmed, that the agency has an implementation team that has the capacity to manage and monitor the organizational change process.
Leadership Focus and Attention	partially align	<ul style="list-style-type: none"> NNSA’s policy details the requirements and responsibilities for NNSA’s leaders, NNSA’s Management and Budget office, and the Department of Energy. NNSA’s policy and procedures do not include information on how the agency will hold its leaders accountable for the success of organizational changes.

Legend:

- – NNSA’s organizational change policy and procedures fully align with key practice by addressing all selected questions.

¹⁰⁴[GAO-18-427](#).

● – NNSA’s organizational change policy and procedures partially align with key practice by addressing some selected questions.

○ – NNSA’s organizational change policy and procedures do not align with key practice by not addressing selected questions.

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

- **Managing and Monitoring.** Our prior work has shown that having a team with the capacity to manage and monitor the reform improves the likelihood of successful changes.¹⁰⁵ NNSA’s policy details the requirements and responsibilities for NNSA’s leaders and NNSA’s Management and Budget office in implementing organizational changes. We found that the policy indicates that NNSA has the capacity to manage and monitor the organizational change process. For example, the policy details that, within a 30-day time frame of a proposed reorganization, any changes to performance plans as a result of a proposed change must be documented and ready for implementation. NNSA officials said that NNSA’s Management and Budget office has demonstrated its capacity to manage the change process laid out in the policy in previous organizational changes and that staff would have the capacity to monitor the effects of changes, if required.
- **Leadership Focus and Attention.** Our prior work has shown that fully implementing major transformations can span several years and must be carefully and closely managed.¹⁰⁶ NNSA’s policy details the requirements and responsibilities for NNSA’s leaders, its Management and Budget office, and DOE in implementing NNSA’s organizational change. The policy states that when a function is added or abolished, a justification must be included in the package that is reviewed by the NNSA’s Management and Budget office and the Administrator. This requirement ensures that agency leaders defined and articulated a succinct and compelling reason for the reform and that other agency leaders reviewed that reason and found it to be valid. However, we found that the policy and procedures do not include information on how the agency is to hold its leaders accountable for the successful implementation of any approved reform. Officials from NNSA’s Management and Budget office stated that although NNSA does not have a formal process for holding leaders accountable for the success of organizational changes, NNSA does this somewhat through individual-level performance evaluations for office leadership.

Strategically Managing the Federal Workforce. NNSA’s organizational change policy and procedures partially align with the broad category of Strategically Managing the Federal Workforce. Specifically, NNSA’s

¹⁰⁵[GAO-18-427](#).

¹⁰⁶[GAO-18-427](#).

policy and procedures partially align with the practice of employee engagement, and partially align with the practice of strategic workforce planning (see table 4).

Table 4: Extent to Which NNSA’s Organizational Change Policy and Procedures Align with Selected Key Reform Practices Related to Strategically Managing the Federal Workforce

Selected key reform practice	Extent NNSA’s policy and procedures align	Summary of findings
Employee Engagement	partially align	<ul style="list-style-type: none"> NNSA’s policy states that NNSA leaders should consult with NNSA’s Management and Budget office to coordinate communication prior to announcing changes to the workforce. NNSA’s policy and procedures do not include a specific reference to engaging employees through the reform process.
Strategic Workforce Planning	partially align	<ul style="list-style-type: none"> NNSA’s policy and procedures require that offices proposing the change complete an employee crosswalk and summary of changes as part of the proposed change package for inclusion in NNSA’s human resources management system. NNSA’s policy requires that changes to performance plans be documented and ready to implement. NNSA’s policy and procedures do not include information as to how NNSA should plan for the succession of leaders in positions critical to reforms or how NNSA should monitor the progress of the reform effort to ensure that no adverse impacts manifest.

Legend:

- – NNSA’s organizational change policy and procedures fully align with key practice by addressing all selected questions.
- ◐ – NNSA’s organizational change policy and procedures partially align with key practice by addressing some selected questions.
- – NNSA’s organizational change policy and procedures do not align with key practice by not addressing selected questions.

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-23-105299

- Employee Engagement.** We previously reported on research showing that increased levels of employee engagement—generally defined as the sense of purpose and commitment that employees feel toward their employer and its mission—can lead to better organizational performance.¹⁰⁷ Although NNSA’s policy states that NNSA’s leaders should consult with the Employment and Workforce Planning Division of NNSA’s Management and Budget office to coordinate communication before announcing changes to the workforce, we found that the policy is unclear on how NNSA’s leaders should consider employee engagement through the reform process. Officials from NNSA’s Management and Budget office said that employee engagement is not included in the organizational change policy and procedures because NNSA engages employees in other ways—formally through the annual Federal Employee Viewpoint

¹⁰⁷GAO-18-427.

Survey and informally by office-level leadership's engagement within the office. However, officials confirmed that these efforts are not specific to organizational change.

- **Strategic Workforce Planning.** Our prior work has shown that Strategic Workforce Planning should precede any staff realignments, so that changed staff levels do not inadvertently produce skills gaps or other adverse effects that could result in increased use of overtime and contracting.¹⁰⁸ NNSA's policy states that offices are required to complete an employee crosswalk and summary of changes as part of the proposed change package for inclusion in NNSA's human resources management system.¹⁰⁹ Such requirements allow NNSA to assess whether it has the resources in place for the reorganization and to determine how the reorganization will affect its workforce's structure. However, we found that the policy and procedures do not include information as to how NNSA should plan for the succession of leaders in positions critical to reforms or how NNSA should monitor the progress of the reform effort to ensure that no adverse impacts manifest.

An NNSA directive requires that policies be reviewed every 3 years to confirm their relevancy and accuracy.¹¹⁰ NNSA's organizational change policy is due for review by January 2023, which gives NNSA an opportunity to improve the policy and related procedures to fully align with all 10 selected key practices for agency reform. For example, consistent with key practices, NNSA should ensure that its policy and procedures include requirements that offices or entities establish specific outcome-oriented goals and performance measures for proposed changes and that NNSA assess whether proposed changes are supported by data or analysis to be the most efficient solution to meeting goals or objectives. As NNSA reviews and updates the policy and procedures, ensuring that they fully align with selected key practices for agency reform would help ensure that future organizational changes are successful and effective,

¹⁰⁸[GAO-18-427](#).

¹⁰⁹National Nuclear Security Administration's Business Operating Procedure 110.2, defines an "employee crosswalk" as an employee roster that identifies staff's movement from one organizational element to another and that can also indicate whether an employee is being realigned or reassigned.

¹¹⁰National Nuclear Security Administration, Supplemental Directive 251.1B, *Directives Management* (Washington, D.C.: Oct. 26, 2020). NNSA last updated its organizational change policy in December 2017 and last reviewed it but had no updates in January 2020.

particularly in light of the agency’s organizational changes that were not successful in the past.

NNSA Did Not Clearly Define a Mission Need or Establish Performance Measures for Its July 2022 Reorganization

NNSA’s organizational change policy partially aligns with seven and fully aligns with three selected key practices for agency reform.¹¹¹ NNSA’s July 2022 reorganization did not fully follow its policy or key practices for agency reform.¹¹² Specifically, NNSA did not clearly define a mission need, consistent with its policy, or establish specific outcome-oriented goals and performance measures, consistent with key practices for agency reform, for the reorganization that became effective and that NNSA started implementing in July 2022.

NNSA’s organizational change policy requires that NNSA leaders develop proposals for change based on mission need. NNSA senior officials said that the policy is applicable to all NNSA organizational changes, including those proposed by the Administrator.¹¹³ While “mission need” is not defined in NNSA’s organizational change policy, a DOE order on program and project management describes a mission need as a credible performance gap between current capabilities and capacities and those required to achieve the objectives articulated in a program’s strategic plan.¹¹⁴ Our prior work has shown that an agency can build an analysis that presents a compelling reason for a proposed reform and that that analysis should consider the proposed reform in light of competing alternatives (including a “no action” alternative).¹¹⁵ The DOE order and an

¹¹¹[GAO-18-427](#) establishes key practices for agency reform, as previously discussed.

¹¹²National Nuclear Security Administration, Business Operating Procedure 110.2.

¹¹³The organizational change policy states that the Deputy Administrator for Naval Reactors will implement and oversee requirements and practices pertaining to the policy, as appropriate. Office of Naval Reactors officials told us that the office does not use the same process outlined in the NNSA organizational change policy, but any organizational change would go through their own internal process with any changes shared with the Administrator for awareness.

¹¹⁴Department of Energy Order 413.3B.

¹¹⁵We previously discussed this as part of the key practice of establishing goals and outcomes. [GAO-18-427](#).

NNSA directives describe such an analysis as a way to assess solutions to a mission need that is independent of any specific solution.¹¹⁶

We found that NNSA did not clearly define a mission need for its July 2022 reorganization in announcements and internal communications about the change, in the memorandum implementing the change, or in interviews with us. When asked about NNSA's mission need for the July 2022 reorganization, NNSA senior officials presented the reorganization as an opportunity for NNSA to potentially improve infrastructure, project, and acquisition management in light of the growing scope of work for weapons and infrastructure programs. NNSA officials said that the high-level goals of the reorganization included (1) strategically managing M&O contracts for mission delivery; (2) positioning the agency for success in its growing infrastructure revitalization efforts; and (3) continuously improving environment, safety, and health. NNSA senior officials said that these high-level goals were indicative of a mission need but said that these goals were not based on any deficiencies in the Office of Acquisition and Project Management's or the Office of Safety, Infrastructure, and Operations' capabilities and capacities. Further, NNSA senior officials did not provide reasons for why these high-level goals could not be pursued under NNSA's organizational structure that previously existed.

NNSA senior officials told us that the Administrator directed them to start considering a potential reorganization focused on M&O contract management, project management, and infrastructure management in mid-September 2021 (about 2 months after the Administrator was confirmed to the position). This indicates that the underlying driving factor for the July 2022 reorganization was a preferred solution—a reorganization of offices that performed contract, project, and infrastructure management, as well as health and safety functions—and that the decision was not based on an identification of a mission need or an analysis that the mission need could not be achieved without a reorganization.

Our prior work has shown that designing proposed reforms to achieve specific outcome-oriented goals and performance measures is a key practice for agency reforms.¹¹⁷ Agreement on specific goals can help decision makers determine what problems genuinely need to be fixed,

¹¹⁶Department of Energy Order 413.3B; and National Nuclear Security Administration, Supplemental Directive 413.3-3.

¹¹⁷[GAO-18-427](#).

and performance measures allow an agency to determine whether the reform was successful at fixing those problems. We found that NNSA's policy requires NNSA leaders to provide goals or objectives for a proposed change but does not require those goals to be specific and outcome-oriented or NNSA leaders to establish performance measures for the change.

We found that NNSA did not establish specific outcome-oriented goals and performance measures for its July 2022 reorganization in announcements and internal communications about the change or in the memorandum implementing the change. When asked about specific outcome-oriented goals and performance measures for the July 2022 reorganization, NNSA senior officials reiterated the high-level goals for the change that we previously described. NNSA senior officials did not provide an explanation of how the agency would determine if the high-level goals of the July 2022 reorganization are actually realized.

We heard differing opinions from NNSA and DOE senior officials on potential future effects of the July 2022 reorganization and whether the reorganization will be worth the effort. NNSA senior officials we spoke with recognized that reorganizations are often disruptive to work and difficult on the workforce.¹¹⁸ Some senior officials said that the reorganization would improve NNSA's management and governance of the enterprise. Other senior officials expressed concern that the reorganization may impede progress in management and governance, particularly the progress they attributed to the Office of Acquisition and Project Management. Officials noted that the recognized improvements in NNSA's acquisition and project management have been a result of a more rigorous application of leading practices for program and project management that the Office of Acquisition and Project Management has led for the agency. For example, the use of tools such as an annual controlled baseline in M&O contracts to better understand and manage costs of running sites may not continue under the Office of Partnership and Acquisition Services. Specifically, in comments on a draft of this report in December 2022, NNSA officials said that they are no longer planning to implement annual controlled baselines at all sites and, instead, will implement them on a case-by-case basis.

¹¹⁸Disruptions from reorganizations may decrease overall performance and productivity. NNSA's memorandum implementing the change listed over 300 federal staff that are directly impacted by the reorganization.

By not clearly defining a mission need or establishing specific outcome-oriented goals and performance measures for the July 2022 reorganization, NNSA may put this recent reorganization at risk of becoming unsuccessful, like some past reorganizations. NNSA would better ensure that future changes are successful and effective by aligning its policy with selected key practices for agency reform.

However, because NNSA has already developed and started implementing the July 2022 reorganization, defining a mission need for the change and analyzing the best alternative to address that mission need would be ineffective at this point but would be meaningful for future changes. As NNSA continues to implement the July 2022 reorganization, the agency could ensure that the reorganization follows key practices that are still applicable—specifically some of the selected key practices that fall under the categories of Goals and Outcomes, Implementing the Reforms, and Strategically Managing the Federal Workforce—and that are crucial for managing any effective change. In particular, establishing specific outcome-oriented goals and performance measures that are related to the high-level goals that NNSA already established would help NNSA determine whether the reorganization is effective in fulfilling its purpose and achieving its goals.

Conclusions

Congress established NNSA in 1999 in response to numerous and long-standing management and governance challenges in DOE, especially with its nuclear weapons programs. In the 23 years since its establishment, NNSA has taken steps to address management and governance challenges through many organizational changes, with varying success.

NNSA uses its *Organizational Change Policy* and related procedures to guide organizational changes. We found that NNSA's policy and procedures do not fully align with selected key practices for agency reform. NNSA's organizational change policy is due for review by January 2023, which gives NNSA an opportunity to improve the policy and related procedures. Updating the policy and procedures to fully align with all of the selected key practices for agency reform—such as requiring that any proposed reorganization includes performance measures—would help NNSA better ensure that future organizational changes are successful and effective.

We also found that, in carrying out its July 2022 reorganization, NNSA did not fully follow its own policy. Once NNSA's organizational change policy is updated, and if NNSA follows its policy, the agency would have better assurance that future reorganizations are successful and effective. However, as NNSA continues to implement this most recent reorganization, establishing specific outcome-oriented goals and performance measures that are related to the high-level goals that NNSA already established could help NNSA monitor the extent to which the July 2022 reorganization is successful and effective.

Recommendations for Executive Action

We are making the following two recommendations to NNSA:

The Administrator should update NNSA's organizational change policy to fully align it, and relevant internal procedures, with selected key practices for agency reform. (Recommendation 1)

The Administrator should establish specific outcome-oriented goals and performance measures for NNSA's July 2022 reorganization. (Recommendation 2)

Agency Comments

We provided a draft of this report to NNSA for review and comment. In its comments, reproduced in appendix III, NNSA agreed with our recommendations and described actions to address them. NNSA also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Energy, the Administrator of NNSA, and other interested parties. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or bawdena@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made significant contributions to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read "Allison Bawden". The signature is fluid and cursive, with the first name "Allison" written in a larger, more prominent script than the last name "Bawden".

Allison Bawden
Director, Natural Resources and Environment

Appendix I: Objectives, Scope, and Methodology

House Report 116-83 accompanying H.R. 2960, a bill for the Energy and Water Development and Related Agencies Appropriations Act for Fiscal Year 2020 included a provision that we assess coordination among the National Nuclear Security Administration's (NNSA) headquarters-based program and functional offices and its field offices with respect to how it affects program and project execution.¹ The extent of coordination or collaboration required is generally related to an agency's organizational structure and the roles and responsibilities of the offices and positions within it. This report (1) describes why NNSA has changed its organizational structure since its establishment and any benefits of those changes; (2) describes actions NNSA has taken to address previously identified challenges related to coordination in its organizational structure; and (3) examines the extent to which NNSA's policy for organizational change aligns with selected key practices for agency reform, and the extent to which NNSA's July 2022 reorganization followed its policy.

To describe why NNSA changed its organizational structure since its establishment and the benefits of those changes, we analyzed NNSA organizational charts and other documents to identify changes to NNSA headquarters and field-based offices since 1999. We defined NNSA's organizational structure as consisting of discrete offices that operate within the agency, and it includes the roles, responsibilities, and lines of reporting defined within the agency or its offices. We reviewed our prior work and other reports that discuss the challenges that NNSA has faced in management and governance to describe the evolution of NNSA's organizational structure, as well as reasons for some of the changes.

We also conducted semistructured interviews with officials from across the agency to obtain their perspectives on the changes to NNSA's organizational structure, the reasons for those changes, and the benefits that those changes provided to NNSA. We interviewed officials from the 19 NNSA offices that were involved in managing the programs and projects that are executed at contractor-managed and -operated sites. We conducted these interviews between December 2021 and February 2022. In advance and in support of these interviews, we provided NNSA

¹H.R. Rep. No. 116-83, at 122 (2019).

officials with written questions that included background information highlighting examples of organizational changes that occurred throughout NNSA’s history. After NNSA announced a reorganization in May 2022, we interviewed senior officials to obtain their perspectives on the July 2022 reorganization, the reasons for the reorganization, and the intended benefits for the reorganization. See table 6 for a list of NNSA offices and their types, from which we interviewed officials.

Table 6: National Nuclear Security Administration (NNSA) Offices Included in Our Scope, and the Office Type

Office ^a	Type of office	Organizational code ^b
Defense Programs	Program	NA-10
Defense Nuclear Nonproliferation	Program	NA-20
Naval Reactors	Program	NA-30
Emergency Operations	Program	NA-40
Safety, Infrastructure, and Operations	Program	NA-50
Defense Nuclear Security	Program	NA-70
Counterterrorism and Counterproliferation	Program	NA-80
Acquisition and Project Management	Functional	NA-APM
Information Management and Chief Information Officer	Functional	NA-IM
Management and Budget	Functional	NA-MB
Policy and Strategic Planning	Mission-enabling	NA-1.1
Cost Estimating and Program Evaluation	Mission-enabling	NA-1.3
Kansas City Field Office	Field	KCFO
Livermore Field Office	Field	LFO
Los Alamos Field Office	Field	LAFO
Nevada Field Office	Field	NFO
NNSA Production Office	Field	NPO
Sandia Field Office	Field	SFO
Savannah River Field Office	Field	SRFO

Source: NNSA organizational chart and documents. | GAO-23-105299

^aWe selected the offices listed here from those offices that existed at the time of the semistructured interviews that we conducted from December 2021 through February 2022. We did not include two functional offices that existed at the time—External Affairs and General Counsel—and one mission-enabling office—Civil Rights—in our scope because these offices do not have a role in directly managing programs or projects executed at the eight sites. Following our interviews, NNSA made organizational changes that affected some of these offices.

^bNNSA uses organizational codes as abbreviations for its various offices. These organizational codes are used as shorthand references to offices and indicate whether offices are considered program offices (e.g., NA-10), functional offices (e.g., NA-MB), mission-enabling offices (e.g., NA-1.1), or field offices (e.g., KCFO).

To describe the actions that NNSA has taken to address previously identified challenges related to coordination in its organizational structure, we obtained officials' perspectives on actions that NNSA has taken to address identified challenges—identified by our prior work, other external reviews, and by NNSA officials—that have persisted through, or arisen from, the previous changes to the organizational structure. We also reviewed policy, procedures, guidance, and other documents, such as NNSA's directive on site governance, to confirm the agency's actions to address challenges that officials described.² We reviewed actions that NNSA has taken for consistency with leading collaboration practices that we identified in September 2012.³ We have reported about the importance of federal agency collaboration for many years, and that meaningful results that the federal government seeks to achieve require coordinated efforts across and within government agencies and programs. For the purposes of this report, we define "collaboration" as any joint activity that is intended to produce more public value than could be produced when the entities act alone, and we use "collaboration" and "coordination" interchangeably.

To determine the extent to which NNSA's organizational change policy aligns with selected key practices for organizational change, we assessed NNSA's Organizational Change Policy⁴—which is to be used to guide NNSA organizational changes under consideration—and other internal procedures against selected key practices for agency reform.⁵ The term "reform" broadly includes any organizational changes—such as transformations, mergers, consolidations, and other reorganizations—and efforts to streamline and improve the efficiency and effectiveness of government operations.

²National Nuclear Security Administration, Supplemental Directive 226.1C, *NNSA Site Governance* (Washington, D.C.: Oct. 1, 2019).

³GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012). We did not evaluate NNSA's actions against all of the leading collaboration practices; we are describing some of NNSA's actions that are consistent with some of those leading practices.

⁴National Nuclear Security Administration, Business Operating Procedure 110.2, *Organizational Change Policy* (Washington, D.C.: Dec. 7, 2017).

⁵GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018).

In June 2018, we issued a set of 58 key questions grouped into 12 key practices that federal agencies should consider when developing and implementing reforms. The 12 key practices fall under four broad categories of (1) Goals and Outcomes, (2) Process for Developing Reforms, (3) Implementing the Reforms, and (4) Strategically Managing the Federal Workforce.

First, we determined which of the 58 key questions were most applicable to NNSA's organizational structure and relevant for NNSA to consider for any future organizational changes.⁶ To determine whether key questions were applicable, one analyst independently reviewed the key questions to determine whether each was applicable to, and relevant for, NNSA. A second analyst reviewed the key questions and assessed the first analyst's determinations of applicability. The two analysts agreed that 22 of the 58 key questions were most applicable to NNSA and relevant for review. Then, we determined that 22 applicable key questions corresponded with 10 of the 12 key practices for agency reform and that those key practices covered aspects of all four broad categories.

We reviewed and summarized NNSA's Organizational Change Policy and other internal procedural documents that relate to the implementation of the policy. We assessed whether NNSA's organizational change policy and procedures aligned, partially aligned, or did not align with each of the selected key practices for agency reform based on the following parameters:

- We determined that NNSA's policy and procedures fully aligned with a key practice if they addressed each of the associated key questions that we selected.
- We determined that NNSA's policy and procedures partially aligned with a key practice if they each, or in some combination, partially addressed the associated key questions that we selected.
- We determined that NNSA's policy and procedures did not align with a key practice if the policy and procedures did not address any of the associated key questions that we selected.

⁶We determined key questions as not applicable for a variety of reasons: (1) the questions were not applicable to NNSA's organizational structure (i.e., questions related to other levels of government, such as state government); (2) the questions were not relevant to the scope of our review (i.e., questions related to workforce reductions); and (3) the questions were otherwise addressed by different key questions (i.e., multiple key questions related to employee engagement).

To assess NNSA's policy and procedures against key practices for agency reform, two GAO analysts compared NNSA's policy and procedures against each of the selected key questions and came to an agreement upon all assessments of whether NNSA aligned with each key question. We interviewed officials from NNSA's Management and Budget office in March 2022 to discuss the preliminary results of our assessment and to obtain additional information on the areas where we initially determined that the organizational change policy and procedures were partially or not aligned with the key practices for agency reform. As appropriate, we incorporated the additional information provided by NNSA in our final assessment of the policy's and procedures' alignment with agency reform key practices.

To determine the extent to which NNSA's July 2022 reorganization followed its policy, we compared documentation supporting the reorganization—such as NNSA's July 2022 reorganization memorandum—with NNSA's policy on organizational change and relevant internal procedures.⁷ We also interviewed senior officials from NNSA and the Department of Energy to obtain their perspectives on actions that NNSA was taking to follow the policy prior to implementing the reorganization in July 2022.

We conducted this performance audit from June 2021 to January 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷National Nuclear Security Administration, Business Operating Procedure 110.2.

Appendix II: History of the National Nuclear Security Administration's Organizational Changes

History of Programs Prior to NNSA's Establishment

Prior to Congress establishing the National Nuclear Security Administration (NNSA), the Department of Energy (DOE) managed nuclear weapons, nonproliferation, and naval nuclear propulsion programs.¹ DOE reorganized aspects of its structure several times, affecting its nuclear weapons and nonproliferation programs.²

- **Nuclear weapons programs.** We reported in December 2000 that DOE established the Stockpile Stewardship Program in 1992 within the Office of Defense Programs to oversee stockpile management and maintenance work, with the goal of ensuring a safe and reliable stockpile.³ In April 1999, operations offices—Albuquerque and Nevada Operations Offices—started reporting to Office of Defense Programs. This structure of some operations offices reporting to the Office Defense Programs—giving the office formal, “line management” control over certain nuclear security enterprise sites performing substantial amounts of its work—continued to NNSA, when the agency was established in October 1999.
- **Nonproliferation programs.** We reported in January 2005 that in 1993, DOE began implementing programs funded by the Department of Defense to help secure weapons-usable nuclear materials in the

¹Congress established DOE with an effective date of October 1, 1977. The department included programs for nuclear weapons and naval nuclear propulsion at that time.

²The Naval Nuclear Propulsion Program, established in the 1950s, has always been executed jointly with the U.S. Navy. The Office of Naval Reactors program responsibilities were delineated in Executive Order 12344 in 1982, which was codified at 50 U.S.C. § 2511.

³GAO, *Nuclear Weapons: Improved Management Needed to Implement Stockpile Stewardship Program Effectively*, [GAO-01-48](#) (Washington, D.C.: Dec. 14, 2000).

former Soviet Union.⁴ DOE also received funding in 1994 from the Department of State to employ former Soviet weapons scientists and engineers in cooperative research projects with U.S. laboratories and industry to deter their employment by rogue states. In 1996, with the growth of these programs, funding shifted directly to DOE. These programs remained focused on the former Soviet Union and were spread throughout DOE. In October 1999, DOE's nonproliferation programs were consolidated within NNSA upon its creation.

NNSA's High-Level Organizational Changes

Congress established NNSA in October 1999 as a separately organized agency within DOE with responsibility for the nation's nuclear weapons, nonproliferation, and naval reactors programs.⁵ The NNSA Act established the position of DOE Under Secretary for Nuclear Security, who is also designated as the Administrator for NNSA. When headquarters and field personnel became employees of the newly established NNSA in March 2000, the agency consisted of three main headquarters-based program offices—Defense Programs (under organizational code NA-10), Defense Nuclear Nonproliferation (NA-20), and Naval Reactors (NA-30). NNSA also had two operations offices in the field—Albuquerque and Nevada.

Since its establishment, NNSA has undergone many high-level organizational changes for various reasons. We identified changes as high-level that involved the establishment of new program, functional, and field offices and any subsequent changes that affected those offices in the organization. See table 7 for a list of these high-level organizational changes and the reasons for those changes.

⁴GAO, *Weapons of Mass Destruction: Nonproliferation Programs Need Better Integration*, [GAO-05-157](#) (Washington, D.C.: Jan. 28, 2005).

⁵The National Nuclear Security Administration Act, Pub. L. 106-65, div. C, tit. XXXII, § 3211, 113 Stat. 512, 957 (1999) (codified at 50 U.S.C. § 2401).

Appendix II: History of the National Nuclear Security Administration's Organizational Changes

Table 7: National Nuclear Security Administration (NNSA) High-level Organizational Changes and Reasons for Those Changes

Year of change	High-level organizational change	Reason for the change
2000	<p>NNSA adjusted departmental reporting requirements, which included:</p> <ul style="list-style-type: none"> • Changed line of reporting for Oakland Operations Office in California (which oversaw Lawrence Livermore National Laboratory) from Department of Energy (DOE) to NNSA. • Established two area offices—one in Oak Ridge, Tennessee, for Y-12 Plant oversight and one in South Carolina to oversee tritium operations at the Savannah River Site. 	<p>We reported in December 2000 that this change complied with congressional direction and eliminated “dual-hatting”—serving in both DOE and NNSA positions simultaneously. <i>GAO, Nuclear Weapons: Improved Management Needed to Implement Stockpile Stewardship Program Effectively, GAO-01-48</i> (Washington, D.C.: Dec. 14, 2000).</p>
2001	<p>NNSA established three headquarters-based offices:</p> <ul style="list-style-type: none"> • Office of Emergency Operations • Office of Facilities and Operations (under organizational code NA-50) • Office of Management and Administration 	<p>According to NNSA officials, emergency operations functions previously existed within Defense Programs and within DOE. This change established a single office to be dedicated to the emergency operations function and to serve both NNSA and DOE.</p> <p>We reported in February 2002 that NNSA intended these new offices to focus on managing NNSA’s infrastructure revitalization and security functions and on enterprise-wide planning, programming, and budgeting. <i>GAO, Department of Energy: NNSA Restructuring and Progress Implementing Title 32, GAO-02-451T</i> (Washington, D.C.: Feb. 26, 2002).</p>
2002	<p>NNSA reorganized some support functions and field functions, which included the following changes:</p> <ul style="list-style-type: none"> • NNSA closed its three operations offices (Albuquerque, Nevada, and Oakland) and consolidated business and technical support functions in a single service center located in Albuquerque. • With operations offices closed, NNSA had a site office associated with each of the eight sites: Kansas City Plant, Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Nevada Test Site, Pantex Plant, Sandia National Laboratories, Savannah River Site, and Y-12 Plant. 	<p>We reported in June 2004 that NNSA intended these changes to remove a layer of management, provide business and technical support services to the site offices and headquarters-based programs, and strengthen the oversight role of site offices. <i>GAO, National Nuclear Security Administration: Key Management Structure and Workforce Planning Issues Remain as NNSA Conducts Downsizing, GAO-04-545</i> (Washington, D.C.: June 25, 2004).</p>
2003	<p>NNSA changed the name of the Office of Facilities and Operations to the Office of Infrastructure and Security (still under organizational code NA-50).</p>	<p>NNSA intended this change to reflect a fine-tuning of the overall structure, according to a May 2003 memorandum from NNSA.</p>
2004	<p>NNSA established two headquarters-based offices:</p> <ul style="list-style-type: none"> • Office of Defense Nuclear Security • Office of Counterterrorism 	<p>A July 2004 memorandum from NNSA said that the agency established the Office of Defense Nuclear Security to consolidate NNSA’s security functions into a dedicated headquarters-based office.</p> <p>According to NNSA officials, the agency established the Office of Counterterrorism to consolidate responsibility for countering nuclear terrorism into a dedicated headquarters-based office.</p>

**Appendix II: History of the National Nuclear
Security Administration's Organizational
Changes**

Year of change	High-level organizational change	Reason for the change
2004	NNSA also changed the name of the Office of Infrastructure and Security to the Office of Infrastructure and Environment (still under organizational code NA-50).	According to a July 2004 memorandum from NNSA, the agency changed the infrastructure office's name because NNSA consolidated the security function into the Office of Defense Nuclear Security.
2009	NNSA established the Office of Integration and Assessments.	We reported in July 2012 that the purpose of the office was to identify, analyze, assess, and present options to senior NNSA management for managing its programs and making decisions on resource tradeoffs. <i>GAO, Modernizing the Nuclear Security Enterprise: NNSA's Reviews of Budget Estimates and Decisions on Resource Trade-offs Need Strengthening, GAO-12-806</i> (Washington, D.C.: July 31, 2012).
2010	NNSA dissolved the Office of Integration and Assessments 18 months after its formal establishment.	During our audit work in support of our July 2012 report, agency officials told us that the office was never properly staffed, which gave it limited effectiveness. GAO-12-806 .
2011	The Administrator (as the DOE Under Secretary for Nuclear Security) began to oversee Environmental Management's nuclear cleanup activities for the department.	We reported that responsibility for DOE's Environmental Management function has changed multiple times. We reported that Environmental Management had not received the sustained leadership commitment it needed, given the size and scope of its mission. DOE's Environmental Management function has been charged since 1989 with cleaning up contamination from decades of nuclear weapons production and energy research at sites across the country. <i>GAO, Nuclear Waste: DOE Needs Greater Leadership Stability and Commitment to Accomplish Cleanup Mission, GAO-22-104805</i> (Washington, D.C.: May 3, 2022).
2011	NNSA reorganized several offices, which included the following changes: <ul style="list-style-type: none"> • NNSA changed the Office of Management and Administration (under organizational code NA-60) into NNSA's Management and Budget office (under organizational code NA-MB). • NNSA established new headquarters-based functional offices: <ul style="list-style-type: none"> • Office of Acquisition and Project Management • Office of Information Management • Office of External Affairs • Office of Safety and Health 	According to NNSA officials, NNSA established these new functional offices to elevate or add certain functions in response to identified challenges and the agency's evolving mission. Officials from the Office of Acquisition and Project Management said that NNSA established the office as a way to improve efficiency in the entire acquisition process and to improve project management across the agency.
2011	NNSA dissolved the Service Center in Albuquerque that the agency had created in 2002. The Safety Department from the Service Center moved organizationally into the newly established Office of Safety and Health.	According to a February 2012 memorandum, NNSA intended this change to help improve efficiency, clarify responsibilities, and fully integrate safety functions into one dedicated functional office.
2011	NNSA established the Office of Civil Rights as a mission-enabling office within the Administrator's office.	The new office took over existing functions that were included in the Service Center prior to its dissolution, according to NNSA officials.

**Appendix II: History of the National Nuclear
Security Administration's Organizational
Changes**

Year of change	High-level organizational change	Reason for the change
2012	NNSA established the Office of Infrastructure and Operations (under a new organizational code, NA-00). NNSA required site offices to start reporting to this new office instead of to the Office of Defense Programs.	NNSA established the office to plan, evaluate, resource, and manage the requirements of the enterprise infrastructure, according to a June 2012 memorandum from NNSA. NNSA leaders stated that the needs of the infrastructure and oversight of the contractors in the field would be better managed if the office clearly supported all programs and relied upon all the mission support organizations, rather than remaining subsumed within one program office.
2012	NNSA consolidated the Pantex and Y-12 site offices into the NNSA Production Office.	NNSA consolidated the site offices to change the federal workforce to align with changes to the management and operating (M&O) contract strategy, according to a March 2012 memorandum from NNSA. This change was designed to implement DOE's goal of improving effectiveness and efficiency through government transformation and to improve contract oversight.
2013	The DOE Under Secretary for Management and Performance began to oversee Environmental Management for the department, moving Environmental Management out of the purview of the NNSA Administrator.	We reported that Environmental Management's cleanup mission remained fundamentally different from other parts of DOE, such as NNSA. Some agency officials and other stakeholders said that Environmental Management's placement under the responsibility of the NNSA Administrator in effect relegated the cleanup mission to a secondary priority, as many people working within this area viewed NNSA's nuclear weapons work as more pressing. GAO-22-104805 .
2013	NNSA expanded its Office of Counterterrorism (NA-80) into the Office of Counterterrorism and Counterproliferation.	The change in name was to better reflect the scope of the office's work, according to NNSA officials.
2014	Congress established the Director of Cost Estimating and Program Evaluation under the National Defense Authorization Act for Fiscal Year 2014. Pub. L. No. 113-66, § 3112, 127 Stat. 672, 1050 (2013) (codified as amended at 50 U.S.C. § 2411). In response to the legislation, NNSA established the Office of Cost Estimating and Program Evaluation.	Congress established the Director position to report directly to the Administrator, according to language in the act. NNSA intended the office to provide independent reviews and analyses related to estimating costs, assessing alternatives, and evaluating program performance. The objective of the office is to improve NNSA's mission planning and performance, according to NNSA.
2014	NNSA started referring to site offices as "field offices," and field offices started reporting directly to the Administrator, rather than through a program office. NNSA dissolved the Office of Infrastructure and Operations (that was under organizational code NA-00) and the Office of Safety and Health. NNSA reestablished a high-level, headquarters-based office with organizational code NA-50—the Office of Safety, Infrastructure, and Operations—to incorporate both infrastructure and safety management functions.	NNSA officials said that the decision to have field offices report directly to the Administrator was partly in response to the November 2014 Augustine-Mies panel's findings that the relationship between NNSA's headquarters and field-based offices was still dysfunctional. According to a December 2014 memorandum, the purpose of merging the infrastructure and safety functions together in one office was to acknowledge the interdependencies between the two and to achieve efficiencies and remove duplication related to the management and implementation of NNSA's infrastructure and safety programs.

**Appendix II: History of the National Nuclear
Security Administration's Organizational
Changes**

Year of change	High-level organizational change	Reason for the change
2015	NNSA reestablished its Office of Policy as a mission-enabling office within the Administrator's office.	NNSA officials said that NNSA established the Office of Policy Planning, Analysis, and Assessment in 2001 but dissolved it at some point. Officials said that NNSA intended the Office of Policy to once again provide a focal point within the Administrator's office to develop recommendations for senior leadership for NNSA-wide strategic planning, governance and management, and policy.
2015	NNSA realigned some functions within the Office of Emergency Operations and the Office of Counterterrorism and Counterproliferation.	NNSA made these changes in support of DOE's new enterprise-wide approach for emergency preparedness and management, according to a December 2015 NNSA news brief. The Office of Emergency Operations' focus remained primarily on building the capacity to respond to all hazards, which included a new consolidated emergency operations center. To ensure that NNSA could prioritize its responsibility for field-deployable nuclear and radiological response assets, several functions previously performed by the Office of Emergency Operations were placed under the Office Counterterrorism and Counterproliferation.
2019	NNSA created a new career senior executive position of Associate Principal Deputy Administrator within the Administrator's office.	According to a congressionally mandated panel's 2020 report, the change was to address concerns about the long gaps without a confirmed Administrator and the potential for turnover and short tenure in the Administrator position. The panel's report said that gaps and turnover are especially problematic, given NNSA's specialized technologies and critical national security responsibilities. NNSA intended the new position to provide better continuity because the Administrator and Principal Deputy Administrator are political appointees. National Academies of Sciences, Engineering, and Medicine and the National Academy of Public Administration, <i>Report 4 on Tracking and Assessing Governance and Management Reform in the Nuclear Security Enterprise</i> (Washington, D.C.: 2020).
2019	NNSA changed the name of the Office of Policy to the Office of Policy and Strategic Planning.	NNSA renamed the Office of Policy to the Office of Policy and Strategic Planning to better reflect its serving as a central resource to the Administrator and other leaders for strategic planning and analysis and facilitating decision-making on the full breadth of issues that may arise across the dynamic nuclear security enterprise, according to an October 2019 internal news brief.

Appendix II: History of the National Nuclear Security Administration's Organizational Changes

Year of change	High-level organizational change	Reason for the change
2019	NNSA realigned Planning, Programming, Budget, and Evaluation (PPBE) functions within NNSA's Management and Budget office.	The PPBE process includes the four phases for each budget cycle and is an internal methodology for NNSA to allocate resources to comport with sound financial and fiscal management principles, according to NNSA's policy on the PPBE process. The change was to provide more consistent and disciplined PPBE support to programs, sites, and the Administrator, according to NNSA officials and documents. This change centralized functions and products within NNSA's Management and Budget office and moved staff and service support contracts from program and other offices into NNSA's Management and Budget office. However, many of the staff were matrixed back to the program and functional offices they support and co-located with those offices.
2022	NNSA realigned the Office of External Affairs, creating two functional offices—the Office of Public Affairs and the Office of Congressional and Intergovernmental Affairs.	According to a March 2022 memorandum, this change created a separate office focused on public affairs that reports directly to the Principal Deputy Administrator that is intended to provide NNSA leadership with direct access to relevant expertise more efficiently and to enable more rapid response to news media, as needed. Also, the memorandum states that having an office dedicated to congressional and intergovernmental affairs mirrors DOE's structure.
2022	NNSA reorganized several offices, which included the following changes: <ul style="list-style-type: none"> NNSA split the Office of Safety, Infrastructure, and Operations (that was under organizational code NA-50) infrastructure management function and safety function to create two new offices—the Office of Infrastructure (under a new organizational code of NA-90) and the Office of Environment, Safety, and Health. NNSA dissolved the Office of Acquisition and Project Management. The acquisition management function was moved into the newly formed Office of Partnership and Acquisition Services, and the project management function was integrated into the newly formed Office of Infrastructure. 	According to a July 2022 memorandum, this change is intended to address the growth in the scope of work related to weapons and infrastructure programs. The goals of the change include (1) strategically managing M&O contracts for mission delivery; (2) positioning NNSA for success in growing infrastructure revitalization efforts; and (3) continuously improving environment, health, and safety.

Source: GAO summary based on previous GAO and other reports and NNSA documents. | GAO-23-105299

Recent Office-Level Changes

In addition to high-level organizational changes, NNSA officials from program, functional, mission-enabling, and field offices described office-level changes that were driven by the Administrator or by their own office leadership. Of particular note were office-level changes that occurred more recently in NNSA's history—since 2015. Officials from headquarters-based program, functional, and mission-enabling offices described the following examples:

- **Office of Defense Programs.** The program office reorganized in 2019 largely as an effort to align the office structure with its evolving mission and the work required to execute its scope, according to Office of Defense Programs officials. Essentially, officials described a continued responsiveness to the agency's evolving mission—moving from a legacy mentality of massive production and buildup, to science-based stockpile stewardship, and then to sustainment and modernization of both weapons and infrastructure. Officials stated that the Deputy Administrator for Defense Programs drove the 2019 reorganization, and the changes reflected the focus on modernizing the weapons and enterprise infrastructure. It included three major changes. The office (1) migrated all weapons stockpile sustainment and modernization work into one suboffice dedicated to stockpile management; (2) dedicated one suboffice to production modernization, shifting focus from strategic materials (e.g., uranium, plutonium, and lithium) to components that may contain these materials (e.g., primary, secondary, and nonnuclear components); and (3) combined research and development functions and technology maturation efforts into one suboffice. Officials stated that these changes have benefited the office, allowing for more effective collaboration, especially across its weapon modernization programs in which the lines between sustainment and modernization may be blurred.
- **Office of Defense Nuclear Nonproliferation.** The program office reorganized in 2015 to realign the work with its mission areas in a more logical way, according to Office of Defense Nuclear Nonproliferation officials. For example, the Deputy Administrator for Defense Nuclear Nonproliferation combined functions from multiple programs related to nuclear and radiological materials and site security into one suboffice focused on global material security. Combining these functions under a single suboffice and unified management chain led by an Assistant Deputy Administrator allowed for better leveraging of capabilities and expertise, as well as more consistency in executing its mission, according to officials.
- **Office of Emergency Operations and Office of Counterterrorism and Counterproliferation.** In 2015, NNSA realigned certain functions between the Office of Emergency Operations and the Office of Counterterrorism and Counterproliferation. Following the realignment, the Associate Administrator for Emergency Operations realigned the program office's internal structure to better meet mission requirements to serve NNSA and DOE more broadly. This led to the creation of four director-led divisions and the addition of a Chief of Staff position within the Office of Emergency Operations, according to its officials. During

the 2015 realignment, the Office of Counterterrorism and Counterproliferation brought in functions previously managed by the Office of Emergency Operations. For example, the Nuclear Emergency Support Team—a cadre of on-call technical specialists who are trained and equipped to respond to all manner of nuclear events—moved to Counterterrorism and Counterproliferation. Officials stated that the change was preceded by a small study group that included officials from both offices.

- **Office of Defense Nuclear Security.** In response to the Planning, Programming, Budgeting, and Evaluation (PPBE) realignment in 2019, the Office of Defense Nuclear Security dissolved one of its suboffices that was responsible for its internal PPBE function. Officials said that the office's leader—the Associate Administrator for Defense Nuclear Security—folded the remaining functions from the dissolved suboffice—such as some mission support work and headquarters security operations—into one of its other remaining suboffices. Further, officials said that in 2022, the Office of Defense Nuclear Security realigned the office's internal structure to better meet NNSA and DOE mission requirements. This resulted in the establishment of a new suboffice focused on security operations and special security programs.
- **Office of Information Management and Chief Information Officer.** In response to our report on approving information technology budgets, the Administrator delegated additional authority to the office's leader—the Associate Administrator and Chief Information Officer—to develop enterprise-wide policy and procedures for modernizing information technology infrastructure.⁶ Office of Information Management officials stated that delegations such as these are an attempt to resolve challenges associated with certain functions, such as cybersecurity tied by statute to the Chief of Defense Nuclear Security.
- **NNSA's Management and Budget office.** As part of the PPBE realignment in the fall of 2019, NNSA moved more than 50 federal staff from program, field, and other functional offices to reporting to NNSA's Management and Budget office to form a unit of PPBE specialists. Officials stated that NNSA's Management and Budget office then matrixed about 30 federal staff back to support the program, field, and functional offices' in their PPBE work. Officials from NNSA's Management and Budget office said that this change

⁶GAO, *Information Technology: Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets*, [GAO-19-49](#) (Washington, D.C.: Nov. 13, 2018).

was a dramatic reorganization. Officials stated that in response to the PPBE realignment, NNSA's Management and Budget office established three new suboffices reporting to the Deputy Associate Administrator for Budget: one focused on matrixed resources; one focused on programming, analysis, and evaluation; and one focused on financial integration.

- **Office of Policy and Strategic Planning.** Officials stated that the Office of Policy and Strategic Planning expanded its functions recently: (1) the office started acting as a strategic planning subject matter expert for the Administrator in 2018 but solidified that role with its name change in 2019, (2) started managing the policy and directives process in 2020, and (3) revised the enterprise-wide strategic planning policy in 2021. Officials stated that these changes were intended to overcome some stove-piping that was occurring across program and field offices and broaden their central strategic planning role. Officials said the changes were also in alignment with work coming out of National Academies of Sciences, Medicine, and Engineering and National Academy of Public Administration reviews of NNSA's management and governance of the enterprise.

Officials from all seven field offices described internal changes in response to shifts in oversight responsibility because of NNSA's evolving mission and scope of work. Field offices include two top leadership positions—the Field Office Manager and the Deputy Field Office Manager—who are to lead work on performance management and oversight of the M&O contractor; and Assistant Manager positions who are assigned by functional discipline, such as nuclear safety, site security, and operations. Field office officials described various changes in which they have established additional Assistant Manager positions. Officials described general efforts to reduce the span of control for any given Assistant Manager position to ensure that they could focus on more specific areas of responsibility.

Appendix III: Comments from the Department of Energy



Department of Energy
Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Washington, DC 20585



December 16, 2022

Ms. Allison B. Bawden
Director, Natural Resources
and Environment
U.S. Government Accountability Office
Washington, DC 20548

Dear Ms. Bawden:

Thank you for the opportunity to review the Government Accountability Office (GAO) draft report "National Nuclear Security Administration: Fully Incorporating Key Practices for Agency Reform Would Benefit Any Future Organizational Changes" (GAO-23-105299). The Department of Energy's National Nuclear Security Administration (NNSA) appreciates GAO's compilation of the history of its organizational changes since it was established in 1999 and for acknowledging the benefits of those changes. The report notes that the actions NNSA has taken to address previously identified organizational challenges are consistent with leading practices for collaboration that GAO found to be beneficial for coordinating program implementation and oversight.

NNSA concurs with the auditor's recommendations to further enhance application of leading practices by more fully aligning its organizational change policy and procedures with key leading practices and establishing outcome-oriented goals and measures for the July 2022 reorganization. The enclosed Management Decision outlines the specific actions planned and timelines to address each recommendation. If you have any questions about this response, please contact Dean Childs, Director, Audits and Internal Affairs, at (202) 836-3327.

Sincerely,

A handwritten signature in blue ink, which appears to read "Jill Hruby", is positioned above the printed name.

Jill Hruby

Enclosure

Enclosure

NATIONAL NUCLEAR SECURITY ADMINISTRATION
Management Decision

“National Nuclear Security Administration: Fully Incorporating Key Practices for Agency Reform Would Benefit Any Future Organizational Changes” (GAO-23-105299)

The Government Accountability Office recommends the Department of Energy’s National Nuclear Security Administration (NNSA):

Recommendation 1: Update NNSA’s organizational change policy to fully align it and relevant internal procedures with selected key practices for agency reform.

Management Response: Concur. NNSA’s Office of Management and Budget will update its organizational change policy and relevant internal procedures to incorporate selected key practices for agency reform, as appropriate. The estimated date for completing this action is October 31, 2023.

Recommendation 2: Establish specific outcome-oriented goals and performance measures for NNSA’s July 2022 reorganization.

Management Response: Concur. NNSA will establish specific outcome-oriented goals and performance measures for the three organizations created by the July 2022 reorganization after selection and on-boarding of their permanent leadership. The estimated date for completing this action is October 31, 2023.

Accessible Text for Appendix III: Comments from the Department of Energy

December 16, 2022

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Director, Natural Resources
and Environment
U.S. Government Accountability Office
Washington, DC 20548

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Sincerely,

Jill Hruby

Enclosure

NATIONAL NUCLEAR SECURITY ADMINISTRATION
Management Decision

“National Nuclear Security Administration: Fully Incorporating Key Practices for Agency Reform Would Benefit Any Future Organizational Changes” (GAO-23-105299)

The Government Accountability Office recommends the Department of Energy’s National Nuclear Security Administration (NNSA):

Recommendation 1: Update NNSA’s organizational change policy to fully align it and relevant internal procedures with selected key practices for agency reform.

Management Response: Concur. NNSA’s Office of Management and Budget will update its organizational change policy and relevant internal procedures to incorporate selected key practices for agency reform, as appropriate. The estimated date for completing this action is October 31, 2023.

Recommendation 2: Establish specific outcome-oriented goals and performance measures for NNSA’s July 2022 reorganization.

Management Response: Concur. NNSA will establish specific outcome-oriented goals and performance measures for the three organizations created by the July 2022 reorganization after selection and on-boarding of their permanent leadership. The estimated date for completing this action is October 31, 2023.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Jonathan Gill (Assistant Director), Elizabeth Luke (Analyst in Charge), Adrian Apodaca, William Bauder, Hilary Benedict, Antoinette Capaccio, Lidiana Cunningham, Christopher Durbin, Ellen Fried, Cindy Gilbert, Chaya Johnson, and Sarah Veale made key contributions to this report.

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