

Reclamation Manual

Directives and Standards

Subject:	Identifying Design, Cost Estimating, and Construction Projects for Which Independent Oversight Review is Required, and Performing Those Reviews
Purpose:	To establish the process used to identify major Bureau projects that include design, cost estimating, and construction (DEC) that will require an independent oversight review, and establish the review process that will be followed. The benefits of this Directive and Standard (D&S) are increases in quality, accuracy, and credibility to customers and the general public.
Authority:	Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented
Approving Official:	Deputy Commissioner— Operations and/or Deputy Commissioner — Policy, Administration, and Budget
Contact:	Senior Advisor, Design, Estimating, and Construction Oversight (84-51000)

1. Introduction.

- A. The Bureau of Reclamation is committed to a corporate process and system to provide independent oversight review of major projects, work, or activities (projects) that include DEC¹. Reclamation policy for independent DEC oversight is found in Reclamation Manual (RM) Policy, [Independent Oversight of Design, Cost Estimating, and Construction \(FAC P10\)](#).
- B. This D&S references responsibilities and describes requirements and procedures for the independent DEC oversight review (oversight review) process, including identifying projects that will be reviewed, developing and managing oversight review schedules, preparing for and performing oversight reviews, and reporting results of oversight reviews. The D&S also presents required characteristics of oversight reviews and budget directives.

¹Descriptions, responsibilities, requirements, procedures, etc., for Reclamation's planning, design, cost estimating and construction can be found in Reclamation Manual documents including, but not limited to: *Construction Activities* (FAC 03-02); *Cost Estimating* (FAC P09 and FAC 09-01); *Construction Cost Estimates and Project Cost Estimates* (FAC 09-02); *Representation and Referencing of Cost Estimates in Bureau of Reclamation Documents Used for Planning, Design and Construction* (FAC 09-03); *Design Activities* (FAC 03-03); *Water and Related Resources Feasibility Studies* (CMP 09-02); *General Planning Activities(GPA)* (CMP 05-03); *Geographically Defined Program (GDP)* (CMP 05-01); *Instructions on Budgeting for Construction — Estimates, Schedules, and Supporting Documents* (BGT 01-04); *Maintenance of Design and Construction Technical Capabilities* (FAC 03-01); and *Performing Design and Construction Activities* (FAC P03).

Reclamation Manual

Directives and Standards

- C. The goals and objectives of the corporate oversight review process for the DEC projects are to support successful project accomplishment, ensure high quality, maintain credibility with water and power users and other customers, and otherwise sustain Reclamation's credibility.
2. **Applicability.** This D&S applies to all projects for which Reclamation is responsible or has a financial/oversight interest that includes DEC. All projects will be subject to the independent DEC oversight requirements contained in this D&S. Subject projects include construction, upgrades, renovations, modifications, rehabilitation, alterations, maintenance, repairs, etc.
- A. **Exceptions.** There are four categorical exceptions to the oversight review requirements stated in this D&S.
- (1) The Dam Safety Program already includes a comprehensive decision-making and extensive independent review process. Therefore, Dam Safety projects will not require a separate oversight review and are excepted from the DEC process. Reclamation Dam Safety Program requirements can be found in Reclamation Manual D&S, [Reclamation Dam Safety Program \(FAC 06-01\)](#).
 - (2) Some existing decision-making partnerships involving customers, including those associated with the management of power revenues, may be determined to provide adequate oversight mechanisms. Requests for an exception to these D&S requirements due to an existing partnership will be on a case-by-case basis and will be submitted to the Deputy Commissioners—Operations/Policy, Administration, and Budget for approval/disapproval.
 - (3) Title XVI projects, provided Reclamation does not have responsibility for the technical adequacy of the designs, cost estimates, or construction aspects of the project.
 - (4) Small surface water and groundwater storage projects participating in the program authorized by 43 U.S.C. 3203, provided Reclamation does not have responsibility for the technical adequacy of the designs, cost estimates, or construction aspects of the project.
3. **Procedures.**
- A. **Identifying Projects That Will Receive Independent Oversight Review.** All Reclamation DEC projects will be considered for oversight review including those where the DEC information has been developed by Reclamation personnel, contract, and/or funding. The goals of Reclamation's oversight review process (see Paragraph 1.C.) must be considered when determining which projects will receive oversight review. A project will be submitted by the responsible regional director (RD)

Reclamation Manual

Directives and Standards

to the Senior Advisor, DEC Oversight for an oversight review when any of the following criteria is met:

- (1) It is anticipated or estimated by the RD that a project will have a total cost, at completion, greater than \$10 million and is intended to meet a feasibility level of development.
- (2) The project will be the subject of a report which is going to be publicly released or provided to Congress, and it is reasonably likely that the report will be politically sensitive, controversial, or it will be used by project proponents to seek authorization or project funding. This includes projects at less than the feasibility development level whether or not the total anticipated cost is more than the \$10 million threshold.
- (3) The Deputy Commissioners—Operations/Policy, Administration, and Budget determine the project will undergo an oversight review.

B. Determining if the Total Cost of a DEC Project is Greater Than \$10 Million. RDs, in collaboration with the Senior Advisor, DEC Oversight and area managers (AMs) and others, will determine if the total cost of any DEC project within their geographic area will be greater than \$10 million. Oversight review (or exception) will be requested for all DEC projects over \$10 million, when criteria are met. The following will be considered as the total cost determination is made:

- (1) All projects for which Reclamation is responsible (in whole or in part) that include DEC will be considered for oversight review.
- (2) Projects to be considered include construction, upgrades, renovations, modifications, rehabilitation, alterations, maintenance, repairs, etc.
- (3) Part of this deliberation will include consideration of how projects will be submitted into the annual scheduling process. When determining which projects will be submitted for oversight reviews, the RD will need to make decisions on how to define and package projects. In making these decisions, it will be necessary to consider the potential benefits of subdividing large projects into smaller components for individual oversight reviews or performing multiple reviews at progressively refined stages of a project.
- (4) Caution will be exercised so that projects are not subdivided to inappropriately fall below the \$10 million threshold, resulting in not performing reviews that should be performed to meet the goals and objectives of the oversight review process (see Paragraph 1.C.).
- (5) Decisions will need to ensure that projects are of manageable size to both prepare for and conduct oversight reviews.

Reclamation Manual

Directives and Standards

- C. **Determining if a DEC Project With Total Cost Less Than \$10 Million Should be Reviewed.** DEC projects with a total cost less than \$10 million generally will not require oversight review. However, to meet the intent, goals, and objectives of the oversight review process, it is anticipated that some of these less costly projects will require review. RDs, in collaboration with AMs, the Senior Advisor, DEC Oversight, and others, will consider requesting oversight review on DEC projects with a total cost less than \$10 million meeting the stated criteria. The following will also be included during deliberations:
- (1) The likelihood that a situation could arise in which the region would need corporate budget relief to respond to unforeseen project developments.
 - (2) The likelihood that a situation could arise with consequences that include unacceptable adverse impacts to regional and corporate credibility.
 - (3) When a project with a total cost less than \$10 million is submitted for oversight review, a clear explanation of the reason(s) for requesting the review will be a prominent component of the information submitted to the DEC Oversight and Value Program Office.
 - (4) The RD will be prepared to provide the Deputy Commissioners—Operations/Policy, Administration, and Budget with written documentation supporting the decision not to submit a project with a total cost less than \$10 million for oversight review.
- D. **Determining the Frequency of Oversight Reviews.** Oversight reviews will occur on projects that requires review as often as necessary and when they provide value to the project, but at least before DEC information and/or data are made available to be utilized by partners, stakeholders, or other interested parties. The Senior Advisor, DEC Oversight will work with the RD to determine if multiple oversight reviews are required at progressively refined stages of a project.
- E. **The Deputy Commissioners—Operations/Policy, Administration, and Budget Determine an Oversight Review Will be Conducted.** The Deputy Commissioners—Operations/Policy, Administration, and Budget may determine an oversight review will be performed on any project at any time. The Senior Advisor, DEC Oversight will work with the RD to establish the date by which an oversight review requested by the Deputy Commissioners—Operations/Policy, Administration, and Budget(s) will be completed.
4. **Preparing the Annual List of Requests for Oversight Reviews.**
- A. By May 1 of each fiscal year, the Senior Advisor, DEC Oversight will transmit a memorandum to the RDs requesting information concerning projects that will be submitted into the DEC oversight review process. The Senior Advisor, DEC Oversight

Reclamation Manual

Directives and Standards

will issue guidelines and instructions (based on Policy and D&S requirements) to help with the call for developing this list of projects that will receive oversight review.

- B. In response, RDs will submit a list to the Senior Advisor, DEC Oversight by June 15 of each fiscal year containing DEC projects for which they are requesting oversight review be performed (see Paragraph 3 above for criteria). A description of each project will be provided. Each list will include the following four categories:
- (1) **Projects Over \$10 Million for Which Oversight Review is being Requested.** Include a dollar figure estimating the anticipated total costs of the project and the anticipated date of completion of the project. Indicate if it is anticipated that more than one oversight review will be requested on this project. Indicate the date by which each review must be completed.
 - (2) **Projects Over \$10 Million for Which Exception is being Requested.** Adequate information to determine the merits of each exception request must be included.
 - (3) **Projects Under \$10 Million With Factors That Have Triggered a Request for an Oversight Review.** A clear explanation of the reason(s) for requesting the review will be a prominent component of the information submitted to the Senior Advisor, DEC Oversight. Indicate if it is anticipated that more than one oversight review will be requested on this project. Indicate the date each review must be completed.
 - (4) **Projects Under \$10 Million With Factors That Have Triggered a Request for an Oversight Review for Which an Exception is Being Requested.** Adequate information to determine the merits of each exception request will be included.
- C. Lists will be developed so that review requests for the next 3 fiscal years [upcoming fiscal year, upcoming year + 1, upcoming year + 2, (and further when appropriate)] are presented in separate groupings.
- D. The Senior Advisor, DEC Oversight will prepare a listing of projects submitted for oversight review and projects requesting an exception from review for transmittal to the Deputy Commissioners—Operations/Policy, Administration, and Budget by July 15th of each year. The Deputy Commissioners—Operations/Policy, Administration, and Budget will determine which of exception requests have merit. The Deputy Commissioners—Operations/Policy, Administration, and Budget will notify the Senior Advisor, DEC Oversight and the RDs of those projects approved for DEC review and if any of the requests for exceptions are denied by August 15. The RD will submit a request for review for projects denied partnership-based oversight exception to the Senior Advisor, DEC Oversight within 30 days of notification of denial.
5. **Developing and Managing a DEC Oversight Review Plan of Action, and Scheduling and Planning Individual Review.**

Reclamation Manual

Directives and Standards

- A. **Developing the Oversight Review Schedule.** Upon receiving the Deputy Commissioners—Operations/Policy, Administration, and Budget approved list for oversight reviews, the Senior Advisor, DEC Oversight will work with RDs, AMs, and others as necessary to develop an integrated corporate schedule for the upcoming fiscal year by October 1. A schedule for upcoming year + 1, and year +2 (at a minimum), will be available by November 30 and available to the Reclamation Leadership Team, the AMs, and other appropriate personnel in a timely manner, when requested. The schedule will be routinely updated to reflect the most current dates for each oversight review (in particular, incorporating any required adjustments to reviews in the current fiscal year) for scheduled oversight reviews. In addition, the complete status of each oversight review performed in the current fiscal year, including milestones for follow-up activities (DEC final report, consensus for resolution of the DEC review report recommendations, and Deputy Commissioners—Operations/Policy, Administration, and Budget decision as appropriate) will be provided by the Senior Advisor, DEC Oversight as needed to the Reclamation Leadership Team, AMs, and other appropriate personnel.
- B. **Planning for Individual Reviews.** During general scheduling and planning for oversight reviews, the following will be determined or obtained for each scheduled review:
- (1) A description of the project for which the oversight review has been requested, scope of the review, and a list of documents, data, information, etc., which will be submitted to conduct the review.
 - (2) Identification of disciplines and expertise that will be required to conduct each review.
 - (3) Which of the following method, or combination of methods, will be utilized to form the independent team to perform each oversight review:
 - (a) ad hoc teams of Reclamation staff,
 - (b) ad hoc teams through contract, or
 - (c) ad hoc teams through other means (e.g., interagency agreements or memoranda of understanding).
 - (4) Tentative list of names [or prospective contract source(s)] for each project review team.
 - (5) The anticipated level of effort (in staff days), schedule, and funding required to perform the oversight review.

Reclamation Manual

Directives and Standards

- (6) Security issues will be identified and addressed. If projects that are identified for oversight review include classified or restricted issues, at least two members of the review team must have clearance at an appropriate level and hold discussions only among those who hold the appropriate clearance. Discussions, materials used, and/or materials produced must be handled in accordance with the RM for handling classified or restricted information.
6. **Submittal of Additional Projects or Emergency-Related Requests for Oversight Reviews.** Situations may arise when an RD will need to submit a project into the current schedule for oversight review after the review schedule has been established, or a situation may arise where changed conditions or new information may result in an RD needing to request additional work on a previously completed review, or on a review-in-progress. In situations such as these, the RD will contact the Senior Advisor, DEC Oversight, who will work with the RD to include the requested review activities into the established schedule.
7. **Performing Oversight Reviews.** Oversight reviews will begin as scheduled and will be performed until completed. Names of team members; location, dates, and times of review team meetings; and final budget information will be communicated. 1 to 3 months before the scheduled start date of a review, the DEC review team leader will:
 - (1) contact and begin communication with staff associated with project to be reviewed,
 - (2) prepare a DEC review service agreement for the project,
 - (3) assemble pertinent documents, data, etc., that will be necessary for the review, and
 - (4) contact the review team members.
8. **Primary Characteristics of Oversight Reviews.** Characteristics for the DEC Oversight Review process are included in paragraph C. *Primary Characteristics of Oversight Reviews* of [FAC P10](#).
9. **Resolving Major Issues that Arise During Oversight Review Process.** Major issues associated with the overall implementation of the oversight review process will be discussed among the Senior Advisor, DEC Oversight and the responsible RD(s) and resolved if possible. If a major issue cannot be resolved among these parties, the situation will be documented in a memorandum prepared by the Senior Advisor, DEC Oversight, and transmitted to the Deputy Commissioners—Operations/Policy, Administration, and Budget for a final decision.
10. **Reporting Results of Oversight Reviews.** Each oversight review will be documented in a review report.
 - A. All reports will present, at a minimum, information to effectively address all primary characteristics of an oversight review (see [FAC P10](#)). Review team findings will be

Reclamation Manual

Directives and Standards

documented in the report and recommendations will be included. The team will state any limitations or qualifiers related to its review. The report will include a list of information, documents, interviews, etc., upon which the review was based.

- B. A draft report will be supplied to the regional and area offices responsible for the project for discussion before the finalization of the oversight report. Resolution of major issues that arise during the review of the oversight review report will be between the region and DEC Oversight Office and otherwise be elevated, as needed.
- C. Each oversight review will be documented in an oversight review report prepared under the direction of the Senior Advisor, DEC Oversight. The Senior Advisor, DEC Oversight will transmit a copy of the team's final independent review report to the responsible RD.
- D. The responsible RD and the Senior Advisor, DEC Oversight, will collaborate to reach a mutual decision as to the actions to be taken to address the findings and recommendations in the independent oversight report regarding engineering designs, cost estimates, and construction. They will document their conclusions and decisions, and the rationale in a jointly signed document which will be formally transmitted to the Deputy Commissioners—Operations/Policy, Administration, and Budget for information. This will conclude the process. If for any reason the RD and the Senior Advisor, DEC Oversight, are not in agreement, they will elevate the matter to the Deputy Commissioners—Operations/Policy, Administration, and Budget for a final decision. This final decision is to be documented in writing and will conclude the process.

11. **Budget Considerations for Oversight Reviews.**

- A. Costs incurred directly with oversight reviews, including review scheduling, conduct of reviews, and report preparation and production will be funded as a program activity (Water and Related Resources). The funding of the reviews and the direct management of the activity or program-related funds will reside in the regions and will be budgeted as part of the annual budget requests.
- B. Costs associated with the implementation of the Policy and D&S, other than those defined above will be funded by Policy and Administration and Water and Related Resources funds.

12. **Definitions.** Definitions for the DEC oversight review process are included in the Policy [FAC P10](#).

13. **Review Period.** The originating office will review this release every 4 years.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____