



## RECLAMATION MANUAL (RM) APPROVAL FORM



**RM Release Series Number(s) (ex. RCD 03-01):**

PEC 05-08, PEC P05, PEC 06-01

**RM Release Subject(s):**

Contract Compliance Reviews

**Originating Office:**

National Programs Directorate - Reclamation Law Administration Division

**Point of Contact (POC):**

Owen Walker

**Type of Action:**



New Release



New Temporary Manual Release (TRMR)



Minor Revision



Major Revision



TRMR Renewal



Deletion

**Summary of Action:**

Rescind PEC 05-08; revise PEC P05 and PEC 06-01 to strengthen contract provisions and data reporting, tracking, and internal sharing to eliminate need for current contract compliance review requirements.

These revisions are part of a Reclamation Manual Pilot Project. The Pilot Project is evaluating new ways of implementing changes to the Reclamation Manual. As part of the Pilot Project, these revisions underwent a concurrent 30-day RLT review and external review.

(continued at end of form)

**List of Attachments\*:**

pec06-01\_Tracked changes  
pec06-01\_Clean  
pec-p-5\_Tracked changes  
pec-p05\_Clean  
Comment Disposition Matrix\_RLT Review



**Reviewed by Employee/Labor Relations (84-5800) (Not required for minor revisions)**

- Requirement for union notification/request for comments met; union comments, as appropriate, forwarded to originating office.
- No union referral required.

Signature: **MEGAN HARKINS**  Digitally signed by MEGAN HARKINS  
Date: 2026.05.07 11:54:59 -07'00'

Name and Title: Megan Harkins, Employee Relations Program M

**Approved by Management (temporary actings cannot approve RM actions)**

My signature below indicates my approval of the Reclamation Manual action described in the *Summary of Action* section above. If more than one approving official, both must sign below.

Signature:

Name and Title:

Signature:

Name and Title:

**\*Required Attachments:**

For New Releases, Major Revisions, Minor Revisions, and TRMRs:

- Final clean Word draft version of release and related appendices

For Major Revisions and Minor Revisions:

- Tracked changes version of updated release and related appendices

For New Releases, Major Revisions, New TRMRs and Deletions:

- Comment disposition matrices (when applicable: RLT, RLT Fatal Flaw, External, External Fatal Flaw)

## Summary of new release, revisions, or reason for deletion continued from page 1.

Reclamation proposes to eliminate Reclamation Manual (RM) Directive And Standard (D&S) *Contract Compliance Reviews* (PEC 05-08) and institute a less resource-intensive approach to obtaining and the key data and monitoring and ensuring compliance with the key provisions of water contracts through revisions to RM Policy *Water-Related Contracts and Charges – General Principles and Requirements* (PEC P05) and RM D&S *Preparing Bases of Negotiation for New and Amendatory Water Service, Repayment, and Other Water-Related Contracts* (PEC 06-01). It is initiating these changes because:

- The CCR process is duplicative of other oversight mechanisms;
- It has not yielded findings commensurate with its cost;
- It is not legally required;
- Staffing reductions have made continued implementation increasingly burdensome;
- More efficient and targeted reporting and tracking mechanisms are available;

Reclamation developed the Contract Compliance Reviews (CCRs) as an internal control process to ensure that water is delivered and used in conformity with applicable law and contract terms. Initiated in 2000 (then called “district reviews”) in response to audit findings from the Department of the Interior’s Office of Inspector General, CCRs have since been conducted annually by regional and area office staff, with occasional participation from Denver-based personnel. The reviews follow a standardized checklist (PEC 05-08 Appendix B), drawing on records from Reclamation, contractors, and other entities.

The CCR process focuses on three principal objectives:

1. Ensuring water delivery aligns with congressionally authorized project purposes;
2. Verifying contract compliance in water delivery and use;
3. Confirming that revenues received by the United States are appropriate to the water’s use.

Key compliance concerns include unauthorized conversions from interest-free irrigation to interest-bearing municipal and industrial use, and the use of project water on ineligible lands.

Since the inception of CCRs, communication between Reclamation and its contractors has improved significantly—due in part to technological advancements and the maturation of other oversight processes. Today, Reclamation receives regular, detailed information from most major contractors through mechanisms such as the Reclamation Reform Act acreage limitation reviews and Operation, Maintenance, and Replacement inspections. These processes often overlap with CCRs, creating redundancy.

Moreover, the CCR process has not consistently identified significant compliance issues that justify its cost and resource demands. The same level of confidence in compliance can now be achieved through streamlined reporting and oversight mechanisms, without the need for the full CCR process.

Importantly, PEC 05-08, which mandates the CCR process, is not required by statute or higher-level policy. The information it targets is generally also being captured through other means, and can be in all cases. While CCRs have fostered valuable communication between the Reclamation Law Administration Division, regional offices, and project partners, this benefit can be achieved through other contract administration activities and increased use of staff details across offices.

Reclamation proposes to replace PEC 05-08 with the strengthened contracting, tracking, and internal sharing requirements in the proposed revisions to PEC P05 and PEC 06-01. This approach will maintain the integrity of contract compliance oversight while streamlining operations, reducing administrative burden, and aligning with Reclamation's broader goals of efficiency and resource optimization. Attached are PEC 05-08 in its current form and PEC P05 and PEC 06-01 showing proposed changes in redline.