

Reclamation Manual

Policy

Subject:	Independent Oversight of Design, Cost Estimating, and Construction
Purpose:	To establish an independent oversight process that will ensure Bureau of Reclamation's executive level managers that major decisions and products related to design, cost estimating, and construction are sound at both the project and Reclamationwide (corporate) levels. The Agency benefits are increases in quality, accuracy and credibility to customers and the general public.
Authority:	Reclamation Project Act of 1902, as amended and supplemented
Approving Official:	Commissioner
Contact:	Senior Advisor, Design, Estimating and Construction, 86-62000

1. Introduction.

- A. Reclamation will maintain a corporate process and system to provide independent oversight for major agency projects, work, or activities (projects) that include design, cost estimating, and construction (DEC)¹. Corporate oversight for these projects is to support successful project accomplishment, ensure high quality, maintain credibility with water and power users and other customers, and otherwise sustain Reclamation's credibility.
- B. The key feature of the independent oversight review process is independent oversight reviews performed on specific DEC projects (see Paragraphs 2 – 4).

2. Scope. All projects for which Reclamation is responsible that include DEC will be subject to the independent DEC oversight requirements contained in this Policy. Subject projects include construction, upgrades, renovations, modifications, rehabilitations, alterations, maintenance, repairs, etc.

- A. **Exceptions.** There are three categorical exceptions to the DEC oversight requirement stated in this Policy.

¹ Descriptions, 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); *Feasibility Studies* (CMP 05-02); *General Planning Activities* (CMP 05-03); *Geographically Defined Program* (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).

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- (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 DEC review and are given a waiver from the DEC process. Reclamation Dam Safety Program requirements can be found at in Reclamation Manual Directive and Standard (D&S), [Dam Safety Program \(FAC 06-01\)](#).
- (2) Some existing decision-making partnerships involving customers, including those associated with management of power revenues may be determined to provide adequate oversight mechanisms, and thus be excluded from the need to comply with the DEC oversight requirements of this Policy. Requests for release from these DEC oversight requirements due to an existing partnership will be on a case-by-case basis, and will be forwarded to the Deputy Commissioner for Operations 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.

3. Responsibilities.

- A. **Commissioner.** The Commissioner is ultimately responsible for the quality of Reclamation projects and the credibility of the organization as judged by performance related to its projects.
- B. **Deputy Commissioner for Operations.** The Deputy Commissioner for Operations provides executive level leadership for DEC oversight functions and activities. He/she approves/disapproves requests for projects requesting a review and those projects requesting a release from this Policy's requirements. He/she works with the Senior Advisor, DEC and the regional directors (RD) to resolve major issues identified during DEC project reviews.
- C. **RD².** RDs will work with their area managers (AM) and others to identify all DEC projects in their geographic area that are over \$10 million (see Paragraph 4.A.(1)), or less than \$10 million and present substantial corporate risk (see Paragraph 4.A.(2)). They will submit identified projects for oversight review or propose them for exclusion (see Paragraph 2.A.). As managers of programs, RDs are responsible for ensuring projects receive broad corporate perspective reviews to identify policy, legal, partner/stakeholder, and/or public issues, impacts, and/or ramifications of a corporate nature that may not be evident from the technical or local perspective. The RD, working with the Senior Advisor, DEC, approves DEC review findings and recommendations for transmittal to the Deputy Commissioner for Operations. He/she

² Another Director (e.g., Security, Safety and Law Enforcement, Research and Development, Technical Service Center) is bound by these responsibilities when he/she, in lieu of an RD, is responsible for a project qualifying for DEC oversight review.

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works with the Director, Technical Resources and the Deputy Commissioner for Operations to resolve major issues identified during DEC oversight reviews (oversight reviews).

- D. **Director, Technical Resources.** Provides executive level supervision to the Senior Advisor, DEC. The Director will ensure that pertinent information of corporate value that emanates from independent oversight reviews of projects is communicated throughout Reclamation. He/she also works with the Senior Advisor, DEC, responsible RD and the Deputy Commissioner for Operations to resolve major issues associated with the overall implementation of the DEC oversight review process.
- E. **Senior Advisor, DEC.** He/she manages the operation of the DEC Oversight Office and reports to the Director, Technical Resources. He/she provides timely, cost effective DEC oversight through management of independent oversight reviews of specific DEC projects. He/she compiles and manages the corporate project review schedule. He/she works with the ad hoc DEC project review teams, RDs, and AMs to resolve issues identified during oversight reviews. The Senior Advisor, DEC, working with the responsible RD, approves DEC review findings and recommendations for transmittal to the Deputy Commissioner for Operations.

4. **Performing Independent Oversight Reviews.**

- A. **Selecting Projects for Oversight Reviews.** All Reclamation DEC projects will be considered for oversight review. A project will be submitted by the responsible RD to the DEC Oversight Office for 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 at least at a feasibility level of development³.
 - (2) The project is going to be the subject of a report which is going to be publicly released or provided to Congress, it is reasonably likely that the report will be politically sensitive or controversial, or it will be used by project proponents to seek congressional authorizations or appropriations; including 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 Commissioner for Operations determines the project will undergo oversight review.

³ \$10 million is established as a significant and major design and construction investment threshold in the Department of the Interior Capital Planning and Investment Control Guide, Version 1.0, December 2002, and the 2005 Budget Request Formulation Guidance, dated April 1, 2003, signed by Assistant Secretary for Policy, Management and Budget.

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- B. Commencement of and Frequency of Oversight Reviews.** Oversight review will occur on projects that require review as early as practicable and prudent, but at least before DEC information and/or data are made available to be utilized by partners, stakeholders, or other interested parties. Some complex DEC projects may require more than one oversight review, at the discretion of the RD as approved by the Deputy Commissioner for Operations.
- C. Primary Characteristics of Oversight Reviews.** All oversight reviews will be:
- (1) Performed under the direction of the Senior Advisor, DEC by qualified ad hoc team members (government or contracted staff) who have not directly participated in the project being reviewed.
 - (2) Value added and performed in a timely and cost effective manner.
 - (3) Full and comprehensive reviews of all components and details of the project designs, construction considerations and cost estimates being reviewed.
 - (4) Conducted to verify that all major risks and uncertainties inherent in the project have been identified and effective measures and activities to manage these risks and uncertainties have been established.
 - (5) Conducted to verify that project designs and estimates are in compliance with Reclamation Policy and D&Ss.
 - (6) Technical reviews of designs, estimates and construction considerations depicted in the project documents, but are not substitutes for conducting a technical or a peer review, nor a value analysis as required by Reclamation Policy and D&S. One component of the oversight review will be a determination that technical and/or peer reviews, and value analysis studies required by Policy and D&S have been performed or are scheduled to be performed to acceptable technical standards and guidelines.
- D. Oversight Review Reports.**
- (1) Each oversight review will be documented in an oversight review report prepared under the direction of the Senior Advisor, DEC. The Senior Advisor, DEC will transmit a copy of the teams' final independent review report to the responsible RD and to the Director, Technical Resources.
 - (2) The responsible RD and the Senior Advisor, DEC, will collaborate to reach a mutual decision as to which findings and recommendations in the independent DEC report regarding engineering designs, cost estimates, and construction costs will be accepted and which will not. They will document their conclusions and decisions, and the reasoning therefore, in writing in a jointly signed document

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which will be formally transmitted to the Deputy Commissioner for Operations for information. This will conclude the process. If for any reason the RD and the Senior Advisor, DEC, are not in agreement, they will elevate the matter to the Deputy Commissioner for Operations for a final decision. This final decision is to be documented in writing and will conclude the process.

- (3) See Reclamation Manual D&S, *Identifying Design, Cost Estimating, and Construction Projects for which Independent Oversight Review is Required, and Performing those Reviews* (FAC 10-01), for requirements for performing oversight reviews.