



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT

Alaska OCS Region
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Memorandum

OCT 28 2011

To: Office of the Director
Bureau of Safety and Environmental Enforcement

Through: Regional Director *J. K. Kula*
Regional Supervisor, Environment *[Signature]*

From: Chief, Environmental Sciences Management Section
Alaska OCS Region *[Signature]*

Thanks, Director Bromwich, for meeting personally with the Alaska Region Environmental Sciences Management Section on September 9 during your recent visit to Anchorage. We found the session to be a productive exchange, and we sincerely appreciate your attentiveness to our questions and concerns about ongoing Contracting Officer Representative (COR) challenges, especially in light of recent Office of Inspector General investigations.

During the session, we expressed our view that the agency in recent years has increasingly shifted a wide variety of operational responsibilities and risks onto the shoulders of the COR and that some manner of redress is advisable. We feel that the COR should not bear the brunt of all these risks and that adjustments can be made through a combination of changes in policy, procedure, and training/clarification. You invited us to prepare a select itemization of key examples for submission through our supervisory chain. In that context, we have prepared this brief narrative and request conveyance through our Regional Director. Additionally, in light of our reorganization, I have copied our BOEM Director, Tommy Beaudreau, on this memo as well.

We offer these observations in a spirit of constructive reform. Please let us know if we can provide further assistance in exploration or resolution of these concerns.

Acquisition Risks:

- Delegation of authority: Following current procedures, CORs often report to Contract Specialists rather than directly to the Contracting Officer (CO). The Acquisition Management Division (AMD) needs to clarify whether such action meets legal requirements to keep the CO informed. If it does not, then a more appropriate communication system needs to be established and followed. Also, letters of appointment currently prohibit COR delegation of duties to a colleague, even as temporary back-up in the event of travel, sick leave, or annual leave. Yet, Financial Business Management System (FBMS) and other operational systems sometimes necessitate a delegation of COR duties because of limited timeframes for action, such as responding to an invoice. We propose that formal procedural guidance be issued

addressing how, and when, to delegate both CO and COR authority to a proxy for selectively approved actions.

- **Inconsistent Guidance:** There is frequent inconsistency regarding the details of procurement instruction among individual COs, and frequent changes by AMD about interpretations of contracting requirements from year-to-year. Variations of interpretation and changes in procurement guidance are not always managed or communicated in a systematic way, creating confusion and operational risk among CORs. To minimize this ambiguity, we propose that AMD establish additional space on the Pipeline dedicated to ensuring consistent procedural guidance and up-to-date communications. Some areas that need clarification in particular include: how to document market research, expectations for sole-source contracting, and expectations regarding how to achieve cost leveraging among multiple research partners. We also request consideration regarding an on-site CO for the Alaska Region due to heavy demands from the Regional component of the Environmental Studies Program.
- **Systematic Correspondence:** COs are often changed on contracts/IAs/CAs without notification provided to the COR. There should be a formal and immediate notification regarding such changes, as well as any corresponding changes in CO expectations. Also, there is a tendency among COs/Contract Specialists to make unilateral edits to a Request for Proposal (after review by a subject matter expert) just prior to publication/delivery of the solicitation. This sometimes results in confusion and errors regarding expectations for deliverables, completion of tasks, and evaluation criteria.

Project Management Risks:

- **Invoice Payment:** Current procedures do not facilitate COR awareness of invoice processing and procedures for non-payment. For example, FBMS training does not cover options or procedures for non-concurrence of payment. Also, CORs are sometimes prompted by email to create a Service Entry Sheet (SES) without the entry of a corresponding invoice in FBMS. Also, when invoice information is entered into FBMS by Finance personnel, it is often incomplete. In a recent example, only the first page of a forty page invoice was entered into FBMS and the COR was asked to enter/approve the invoice *based on limited and incomplete project information*. Specific to Interagency Agreements (IAs), there is no direct relationship between deliverables and invoice payments. Invoices merely request payment and the COR is required to enter an SES, approving payment without ability to document or trace what work the payment covers. IA invoices often appear in the COR inbox near the end of the month, which triggers high anxiety for all parties about expediting the service entry on short notice in order to meet end of month Treasury reconciliation statements. We propose that formal procedural adjustments are needed to eliminate these avoidable risks and anxieties.
- **Inspections:** COR Letters of Appointment seem to imply periodic site inspection of contractor facilities/activities. However, there are no dedicated funds allocated for this task, so that project inspection travel requests compete with all other regional travel needs. The result is that funding for annual inspections for all projects is not practical, and CORs should not be accountable for that shortfall.
- **Record Maintenance:** Federal Acquisition Regulations and COR Letters of Appointment indicate that COR project management records should be maintained as a "working file" to be merged with the CO "official contract file" upon completion of the contract. CORs

are admonished, "Do not release any information without first consulting the CO to determine if such release of information is permissible". We propose that some formal procedural guidance is needed to clarify COR record-keeping responsibilities in light of new agency initiatives to centralize and document substantive correspondence in accessible file directories.

Cc Office of the Director, BOEM (Beaudreau)
 Deputy Director CFO, BOEM (Cruickshank)
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