

NDIA Integrated Program Management Division

Clearinghouse Working Group

Gary Humphreys, H&A Russ Rodewald, Raytheon Mar 13, 2023











Integrated Program Management Division (IPMD) - Clearinghouse

IPMD Purpose: Leading the Advancement of Integrated Program Management Through Industry and Government Partnership

Clearinghouse Mission: This committee provides a forum for industry's EVMS practitioners to raise and discuss EVMS or related issues. The goal is to identify common issues, gather facts and supporting data, formulate industry positions, and develop recommendations for issue resolution. This committee handles the process steps necessary to capture the facts and data and to develop mutually acceptable resolutions along with specific recommendations that can be presented to the IPMD board for further action.

Clearinghouse Committee Page – issue input forms & past briefings

http://www.ndia.org/divisions/ipmd/working-groups/clearinghouse









AGENDA-Topics

- Transitioning to Contract after initiating effort with Company Funding
 - Treatment of S, P & A incurred prior to award
 - Reporting pre-contract effort in IPMDAR
- Harvesting Under-runs (late add)
- Dispositioning excess MR at contract completion
 - Contractor has \$10M MR balance at complete
- Updating the PMB for rate changes
 - Impact or insight for Variance Analysis
- DCMA BP2 Changes











Transitioning to Contract

ISSUE: Transitioning an internally funded effort to contract funding can impact IPMDAR reporting.

Options to transition Internally Authorized effort to Contract:

- Set up new system project
 - Initiate new system project for contract and transfer S, P, & A into period one
- Continue executing program under pre-contract system project
 - Internal Project transitions to external Contract project
 - Maintains precontract time-phased S, P & A data









Transitioning to Contract

Transition effort to new EVM System project – IPMDAR reporting

- To Date Time-Phased (Y/N)
 - (Y) the IPMDAR submittal will show incremental data starting with the S,
 P, & A adjustment in period 1 covering from contract ATP to current period
- Contract Start Date (2.3.1.12)
 - Contract Start Date. Provide the date the contractor was authorized to start work on the contract, regardless of the date of contract definitization.
 - Assigned to align to external contract ATP
- Reporting Period ID (Per 1; first month of file S,P,A)
 - Period 1 assigned in alignment with contract date









Transitioning to Contract

Transition effort under current EVM System project – IPMDAR reporting

- To Date Time-Phased (Y/N)
 - (Y) the IPMDAR submittal with show data prior to contract date with incremental S, P, & A aligning to internal funding authorization
- Contract Start Date (2.3.1.12)
 - Contract Start Date. Provide the date the contractor was authorized to start work on the contract, regardless of the date of contract definitization.
 - Start date will align to Authorization Date for Internal Funding to capture all data
- Reporting Period ID (Per 1; first month of file S,P,A)
 - Period 1 assigned in alignment to Internal Funding Authorization









Harvesting Under-runs

ISSUE – (2018) Deficiency associated with harvesting budget from closed work packages to augment or create another work package.

Situation: The contractor had under-run on work performed on contract. The PM worked with the customer to identify additional in-scope work that could be performed to support the overall execution of the contract and customer mission. Contract was FPI.

The Contractor believed they had the following options:

- 1. Refuse the additional work
- 2. Establish a zero budget WP for the additional work
- 3. OTBs are associated with poor contractor performance that can only be corrected through a replanning of the baseline; clearly the contractor has performed well!
- 4. Establish an Internal Operating Budget and factor the budgets for external reporting
- 5. Follow customer direction and establish a new WP from harvested budgets









Harvesting Under-runs

Harvesting Example and Discussion



To account for the additional work the contractor gleaned budget from 9 other work packages to add one additional work package to the same control account.

Issue: Deficiency associated with harvesting budget from closed work packages to augment or create another work package.

Contractor Response: Contractor argued that the change was done purposefully, following the change control process, and with management direction to improve the integrity of the baseline and accuracy of the performance measurement data.

The contractor completed more scope and had the change not been made the contractor would have recognized a large positive cost variance which would have increase the incentive fee under the 70/30 split. CAR was issued citing that the change harvested budgets and eliminated variances from closed control accounts thereby adversely impacted performance measurements.











Harvesting Under-runs

PARCA Memo – FEB 2018

"When contractual scope has been completed for less than the amount funded, there is an opportunity for that funding to be used for new scope. The preferred mechanism to accomplish this is to de-obligate the remaining funds, then re-obligate them back to the contract to support the new efforts. Government may issue an RFP for the changed scope. Those new efforts become budget that is assigned to scope and placed into the CBB."









MR at Contract Completion

Scenario: Existing contract near completion with approximately \$10 Million sitting in MR.

PM's concern was that the contract would not achieve maximum fee if MR was not moved to UB or spread it amongst WBS elements -- even when there was no increase in SOW for those elements.

PM continued - I have never worked a contract to the very end, but it was my understanding this is how MR works at the end of the day when contract completes all work.









MR at Contract Completion

Question: Should a program move excess MR to UB during contract close out or leave it where it is in MR budget?

Response:

- Leave it where it is. UB has scope and MR does not. You
 would be presenting that there is \$10 million worth of work to
 perform which is not true.
- Your cost is what it is no matter how much MR you have. That
 cost will, of course, determine the amount of fee based upon
 the contract terms and conditions.



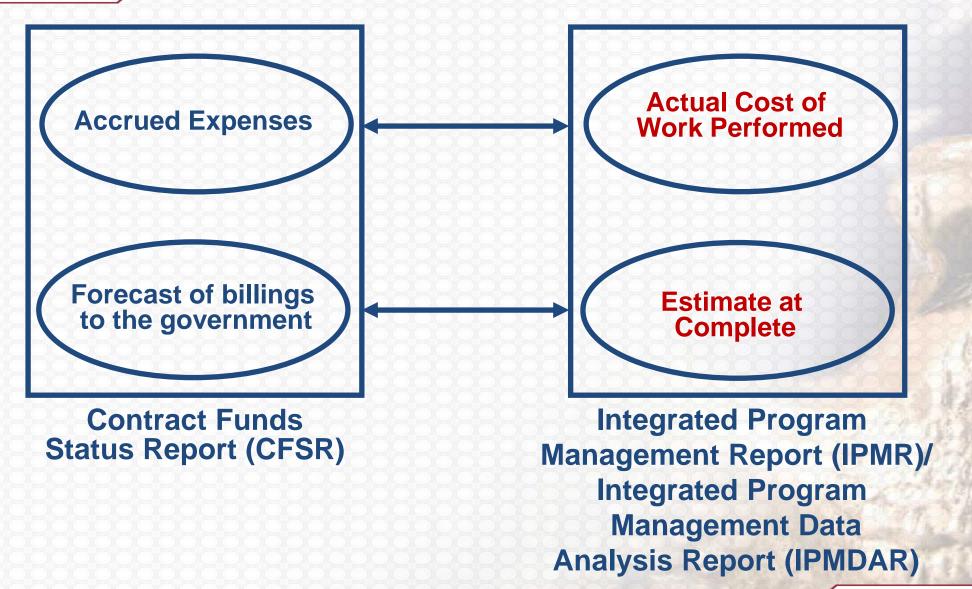








Budget versus Funds











A. Name Wippity Bipp Construction Co. a. Name CALTRANS 20 b. Name CALTRANS 20 b. Name CALTRANS 20 b. Name CALTRANS 20 b. Number XX-0763 b. Phase Operations & Maintenance Thumperville, CA 90633 c. Type CPFF d. Share Ratio CPFM N/A CPFF	LE	GACY	INTEGR Forma	ATED I	PROGR ork Bre	RAM M akdov	ANAGE vn Strue	MENT cture	REPOR	T De	ollars II	Tho	usand		orm Ap _l MB No.		188
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d. Undistributed Budget	b. Cost of Money						_			0	0					0	
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6. Estimated Cost at Co		0		\$3,00	10	\$33,0					N/A	-4-41	IN/	4	(YYYY/N	IM/DD)
o. Estimated Cost at Co	-	lanagement	Estimate (Contract Bu	ıdget Base	2 Vari	ance	7. Author a. Name					b. Title	9		
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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12A)	(12B)	(13)	(14)	(15)	(16)
a. WBS		(*)		\-'	(-/		(-/	(-,	\ -/		,	,	, ,		(- /	
Program Mgmt./Support	190	190	132	0	58	1,385	1,385	566	0	819				1,950	1,350	600
Excavation/Base	772	2,426	3,056	1,654	-630	6,761	5,184	5,824	-1,577	-640				9,000	10,403	-1,403
Guardrails	1,120	713	987	-407	-274	3,370	1,997	2,949	-1,373	-952				6,000	6,590	-590
Data	297	418	79	121	339	1,469	504	504	-965	0				2,100	2,100	0
Testing/Inspection	80	187	203	107	-16	4,468	4,381	4,608	-87	-227				4,750	4,770	-20
b. Cost of Money	0	0	0	0	0	0	0	0	0	0				0	0	0
c. Gen. & Admin.	41	66	43	25	23	47	49	49	2	0				5,200	5,287	-87
d. Undistributed Budget																
e. Subtotal (Performance Measurement Baseline)	2,500	4,000	4,500	1,500	-500	17,500	13,500	14,500	-4,000	-1,000				29,000	30,500	-1,500
i. Management Reserve														1,000		
g. TOTAL	2,500	4,000	4,500	1,500	-500	17,500	13,500	14,500	-4,000	-1,000				30,000		
9. Reconciliation To Contra	ct Budget	Base														
a. Variance Adjustment																
b. Total Contract Variance																









			CONTRACT	FUNDS ST	ATUS REPO	RT (Dolla	rs in \$000)				Form Appr Num	oved OMI ber 22 R0180
1. CONTRACT	NUMBER		FUNDING FOR	5. PREVIOUS	S REPORT DA	TE	7. CONTRACTO	OR (Name, address a	nd zip code)	9. INITIAL CONTR	ACT PRIC	E
		FISCAL YEAR					WIPPITY BIP		JCTION	a. TARGET	33,000	
XX-0	763		01	MONTH 6			1 BRIARPATCH THUMPERVILL			b. CEILING	37,000	
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11.		FUNDII	NG INFORMATIO	N								
LINE	APPRO- PRIATION	FUNDING	ACCRUED EXPENDITURES	CONTRAC	T WORK AUT	HORIZED		FORECAST		TOTAL	FUNDS	NET FUNDS
ITEM/WBS ELEMENT	IDENTI- FICATION	TO DATE		DEFINITIZED	NOT DEFINITIZED	SUBTOTAL	NOT YET AUTHORIZED	ALL OTHER WORK	SUBTOTAL	REQUIREMENTS	CARRY- OVER	REQUIRED
а	b	С	d	е	f	g	h	i	j	k	1	m
0001	62147	33,000	17,950	33,000		33,000	500		500	33,500		33,50
			CONT	RACT WORK	AUTHORIZE	D (With Fee	/Profit) - ACTU	AL OR PROJE	CTED			
		ACTUAL TO	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	AT C	OMDI ETION
		DATE	8	9	10	11	12	13	14	15	ATC	OMPLETION
a. OPEN COMN	MITMENTS	2,000	1,500	1,200	1,000	750	500	300				
b. ACCRUED EX	(PENDITURES	15,950	19,800	23,100	26,400	30,800	31,900	32,400	32,900	33,500		33,500
c. TOTAL (12a		17,950	21,300	24,300	27,400	31,550	32,400	32,700	32,900	33,500		33,500
13. FORECAST C THE GOVERNME	NT	14,335	17,820	18,500	23,760	27,720	26,100	28,710	31,000	33,500		33,500
14. ESTIMATED 1 COSTS	TERMINATION	7,000	6,000	5,000	4,000	3,000	2,000					
15. REMARKS												







Classification (when filled in)

National Defense Industria

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1. Contractor			2. (Contract	t		3	. Progra	m				4.	Report	Period	1
a. Name Wippity Bip	op Const	ruction (Co. a. N	Name CA	LTRAN	S 20	а	. Name	lighway	73 Resi	urfacing	9	a.	om	YYY/MM	/DD)
b. Location (Address	& Zip Co	ode)	b. N	lumber	XX-076	3	b	. Phase	Operation	ons & M	aintena	nce	□''	OIII		
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Thumperville, CA	90633			CPF	<u> </u>	N/A	\ <u> </u>	No	' <u>(Yе</u>	<u>s)</u>	(2001/	05/06)		M	onth 20)
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a. Quantity b. Negotiate		Unpriced V	of Auth. c Work	d. Target P		e. Target	t Price	f. Estimat		g. Contr	act Ceilir	ng n. E Ceil	ina	Contract		
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6. Estimated Cost at Co	mpletion							7. Author	ized Con	tractor F	Represer					
	M	anagement at Compl	Estimate C	Contract Bu	dget Base	Vari	ance	a. Name	(Last, F	irst, Mic	ddle Init	tial)	b. Title			
		(1)		(2)		(:	3)		Qu	ick, I.M.			ı	Program	Manage	er
a. Best Case		\$33,4				,		c. Signat	ure			•	d.	Date Sig		
b. Worst Case		\$33,4	50						M 0	مامان					/MM/DD)
c. Most Likely		\$33,4	50	\$30,0	000	\$-3,·	450	1.1	<u>И. Q</u>	uick				Month:	21, 10 th .	
8. Performance Data						•										
ltem			rent Per					ulative To				ogram	_		0	
	Budget	ed Cost	Actual Cost	Vari	ance	Budget	ed Cost	Actual Cost	Var	iance		justme		At (Complet	tion
	Work Scheduled	Work Performed	Work Performed	Schedule	Cost	Work Scheduled	Work Performed	Work Performed	Schedule	Cost	Cost Variance	Schedule Variance	Budget	Budgeted	Estimated	Variance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12a)	(12b)	(13)	(14)	(15)	(16)
a. WBS																
Program Mgmt./Support	0	0	115	0	-115	1,950	1,950	2,100	0	-150				1,950	2,100	-150
Excavation/Base	0	0	0	0	0	10,000	10,000	10,900	0	-900				10,000	10,900	-900
Guardrails	0	75	110	75	-35	6,000	6,000	7,750	0	-1,750				6,000	7,750	-1,750
Data	0	0	0	0	0	2,100	2,100	2,100	0	0				2,100	2,100	0
Testing/Inspection	0	10	12	10	-2	4,750	4,750	4,803	0	-53				4,750	4,803	-53
b. Cost of Money	0	0	0	0	0	0	0	0	0	0				0	0	0
c. Gen. & Admin.	0	15	41	15	-26	5,200	5,200	5,797	0	-597				5,200	5,797	-597
d. Undistributed Budget																
e. Subtotal (Performance Measurement Baseline)	0	100	278	100	-178	30,000	30,000	33,450	0	-3,450				30,000	33,450	-3,450
f. Management Reserve														0		
g. TOTAL	0	100	278	100	-178	30,000	30,000	33,450	0	-3,450				30,000		
9. Reconciliation To Contra	ct Budget	Base							1							
a. Variance Adjustment																
b. Total Contract Variance																







Classification (when filled in)

National Defense Industr

Legacy Integrated Program Management Report Format 1 - Work Breakdown Structure **Form Approved** \$000 Dollars In OMB No. 0704-0188 2. Contract 4. Report Period Contractor 3. Program a. Name Name a. Name a. (YYYY/MM/DD) **Highway 73 Resurfacing CALTRANS 20** Wippity Bipp Construction Co. From b. Phase b. Location (Address & Zip Code) b. Number XX-0763 **Operations & Maintenance** 1 Briarpatch Lane d. Share Ratio c. EVMS Acceptance b. To (YYYY/MM/DD) c. Type CPFF Thumperville, CA 90633 (2001/05/06) No N/A Month 20 **Contract Data** Quantity | b. Negotiated Cost|c. Est. Cost of Auth. | d. Target Profit/Fee | e. Target Price i. Date of OTB/OTS h. Estimated Contract f. Estimated Price g. Contract Ceiling **Unpriced Work** Ceiling \$30,000 \$36,450 N/A (YYYY/MM/DD) \$3,000 N/A \$33,000 7. Authorized Contractor Representative 6. Estimated Cost at Completion Management Estimate Contract Budget Base at Completion b. Title Variance a. Name (Last, First, Middle Initial) **Program Manager** Quick, I.M. (3) (1) (2) \$33,450 c. Signature d. Date Signed **Best Case** (YYYY/MM/DD) \$33,450 **Worst Case** I.M. Quick Month 21, 10th, \$30,000 \$-3,450 \$33,450 Most Likely **Performance Data Current Period Cumulative To Date** Reprogramming Item At Completion **Budgeted Cost Actual Budgeted Cost** Actual Adjustments Variance Variance Cost Cost Cost Schedule Variance Budget Work Scheduled Work Work Work Work Work Schedule **Budgeted** Performed Cost Scheduled Performed Performe Schedule Cost Variance (1) (2) (3) (4) (5) (6) (8) (12a) (12b) (13)(14)(15)(16)**(7)** (9) (10)(11). WBS -115 **Program Mgmt./Support** 0 115 0 1,950 1,950 2,100 0 -150 1.950 2,100 -150 0 9,000 10,900 -1,900 9,000 10,900 -1,900 Excavation/Base 0 0 0 9,000 -35 Guardrails **75** 110 75 6,000 6,000 7,750 -1,750 6,000 7,750 -1,750 0 0 2,100 2,100 2,100 0 0 2,100 2.100 0 Data 10 12 -2 4.750 4,750 -53 4,750 4.803 -53 Testing/Inspection 10 4.803 0 0 0 **Cost of Money** 0 0 0 0 0 0 0 15 15 -26 -597 5.200 5.797 -597 0 41 5.200 5.797 Gen. & Admin. 5.200 0 d. Undistributed Budget . Subtotal (Performance -4.450 278 100 -178 29.000 29,000 33,450 0 29,000 | 33,450 | -4,450 100 **Measurement Baseline**) 1.000 **Management Reserve** 29,000 29,000 33,450 -4,450 30.000 ı. TOTAL 100 278 100 -178 0 . Reconciliation To Contract Budget Base . Variance Adjustment . Total Contract Variance







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b. COST OF MONEY

c. GENERAL AND ADMINISTRATIVE * d. UNDISTRIBUTED BUDGET

. MANAGEMENT RESERVE

a. VARIANCE ADJUSTMENT

. TOTAL CONTRACT VARIANCE

e. SUB TOTAL (Performance Measurement Baseline)

9. RECONCILIATION TO CONTRACT BUDGET BASE



Updating the PMB for rate changes

DISCUSSION – Should programs use MR to update the PMB when there are rate changes?

The impact of rate changes are a significant driver of successful program execution, and their impact must be understood across the program.

The guidelines allow the use of Management Reserve to update the PMB when there are rate changes.

Addressing rate impacts when analyzing variances may lead to the CAM ignoring the impacts of technical challenges that require greater analysis and corrective actions.







Updating the PMB for rate changes

EVMSIG:

GL14 - Applications of MR to the PMB may be necessary within the contractually authorized work scope (e.g., unforeseen effort that is in-scope to the contract but out of scope to the control account, rate changes if the contractor's EVMS allows ...)

GL23 - Cost variance analysis ... should address the cost drivers, which may include both direct and indirect components, for management visibility ...

For analyzing labor cost variance relative to rate and volume variances ...

- Rate Variance = (Earned Rate Actual Rate) x Actual Hours
- Volume Variance = (Earned Hours Actual hours) x Budgeted Rate
- Rate Variance + Volume Variance = Labor Cost Variance

GL30 - Internal replanning of remaining portions of the PMB to account for significant changes in the anticipated rates is desirable, but not mandatory. This enables credible trend analysis for projecting future cost and schedule performance and accurate Estimates at Completion (EACs).





Updating the PMB for rate changes

DISCUSSION – Should programs use MR to update the PMB when there are rate changes?

- MR budgets are critical for mitigating risk in program execution; the decision to use MR for rate changes should consider the value of the factored risks on the program.
- Baseline change processing can create excessive administrative burden if programs consistently update the baseline for rate changes. Changes, if incorporated, should occur for both rate increases and decreases.
- The reduction in rate change variance impacts can enable analysis to focus
 on technical variance drivers









DCMA BP2 Changes

INFORMATION:

DCMA released updates to their collection of Business Practices. The most significant updates occurred on:

Business Practice 2 – EVM System Description Review

Although the document was rewritten, the changes do not force a change to a previously approved system description.







DCMA BP2 Changes

INFORMATION:

Of interest on my review of BP are the following:

- 1. Requires Senior Level DCMA personnel to lead the review of changes
- 2. SD/Contractor must state at what level the SD applies/applicable CAGE codes: site, business unit, corporate, etc.
- 3. Eliminates the CRC as a reference document; Contractor must provide methodology used to determine how their SD meets the intent of the EVMSIG
- 4. SD must outline entirety of documents utilized to meet the intent of the GLs
- 5. DCMA determination as to whether a submitted SD change is Low, Medium or High risk
- 6. Medium/High reviews (non-administrative) require a review of the method Contractors will use to ensure compliance
 - a. DCMA review will utilize EVMSIG Intent section AND Guideline Evaluation Templates (BP4) in concert with qualitative SD assessment
 - b. DCMA documents High Risk language with potential for non-compliances in final review assessment.





Integrated Program Management Division (IPMD) - Clearinghouse

QUESTIONS?







