

NDIA Clearinghouse

2 May 2018

- **Material Price and Usage Variance definitions fixed**
- **Negative BCWP**
 - **LOE---proactively manage**
 - **Discrete**
- **Harvesting Underruns**

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- **Work Authorization Documents (WAD)s for initial planning effort and Long Lead Items.**
- **Planning in one Element of Cost (EOC) (like in house labor) yet consuming in a different EOC like purchased labor/job shoppers/consultants.**
- **Stop Work Order (SWO)--value to reduce Contract Target Cost (CTC).**
- **Quantifiable Back Up Data (QBD)s.**

B/W/M EAC

IPMR Format 1

6. ESTIMATED COST AT COMPLETION			
	MANAGEMENT ESTIMATE	CONTRACT BUDGET	VARIANCE
	AT COMPLETION	BASE	
	(1)	(2)	(3)
a. BEST CASE	84,000,000		
b. WORST CASE	94,000,000		
c. MOST LIKELY	90,000,000	70,779,985	-19,220,015

- Fixed Price Incentive contract – how should EACs be handled given significant overruns?

IPMR DID

- EACs shall be reported without limitation of the contract ceiling value.
- 3.2.2.1. Management Estimate at Completion - Best Case. Enter in Block 6.a.1 the contractor's best case EAC. The best case EAC reflects the lowest potential cost to the Government. This estimate shall be based on the outcome of the most favorable set of circumstances. If this estimate is different from the most likely management EAC (Block 6.c.1), the assumptions, conditions, and methodology underlying the estimate shall be explained in Format 5. This estimate is for informational purposes only; it is not an official company estimate.
- 3.2.2.2. Management Estimate at Completion - Worst Case. Enter in Block 6.b.1 the contractor's worst case EAC. The worst case EAC reflects the highest expected cost to the Government. This estimate shall be based on the outcome of the least favorable set of circumstances. If this estimate is different from the most likely EAC (Block 6.c.1), the assumptions, conditions, and methodology underlying the estimate shall be explained in Format 5. This estimate is for informational purposes only; it is not an official company estimate.
- 3.2.2.3. Management Estimate at Completion - Most Likely. Enter in Block 6.c.1 the contractor's most likely EAC. This EAC is the contractor's official contract EAC and takes precedence over the estimates presented in Column (15) of Formats 1 and 2, and Blocks 6.a.1 and 6.b.1. The most likely EAC is the value that the contractor's management believes is the most possible outcome based on a knowledgeable estimation of all authorized work, known factored risks, and probable future conditions.