



DCMA

DCMA Portfolio Management & Integration

NDIA/ Program Management Systems Committee (PMSC) Meeting

Presented By:

Joseph E. Sweeney (SES)

Executive Director, PM&I

January 25, 2012

Opening thoughts...

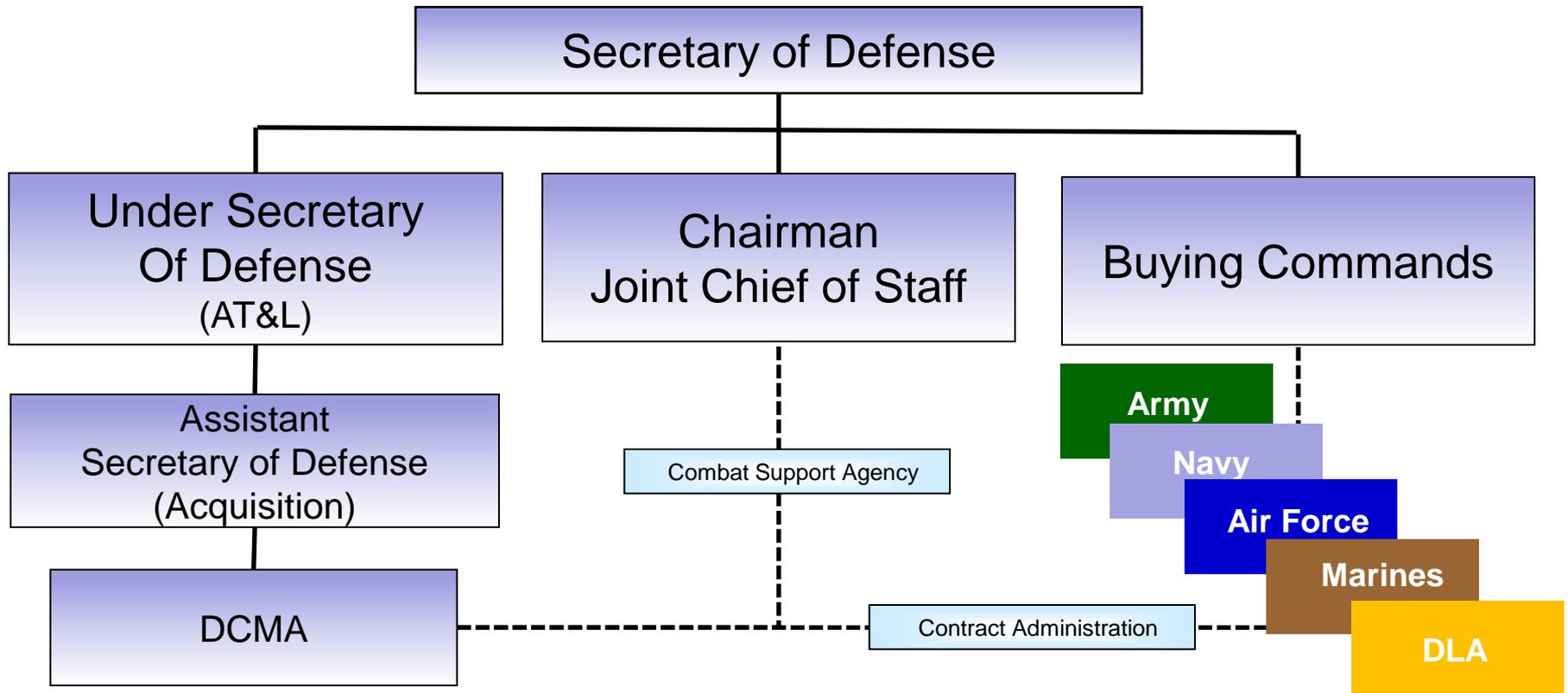


- **Develop understanding & appreciation of each parties' objectives and constraints**
- **Determine best approach to work together on EVMS-related activities**
- **Strengthen relationships, and enable open communications and awareness of issues**
- **Drive consistent practices**
- **Speed decision-making and problem resolution**



DCMA is a Team Member...

...In the defense acquisition community



Historical Perspective – Service PROs/DCAS to DLA (1990) to DCMA (2000)

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 Ft. Lee, VA
 23801-1809
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Strategic



Strategic Effects Office (DE)
 Mr. Stephen Herlihy



Chief of Staff (DC)
 Col. Kurt Stonerock



DIRECTOR (D)
 Mr. Charlie E. Williams, Jr.



DEPUTY DIRECTOR (DD)
 Mr. James Russell



General Counsel (GC)
 General Counsel
 Ms. Sharron Philo



Corporate Support (DS)
 Mr. Robert Allen



Reserve Affairs (DR)
 Col. Judy Fearn



Office of Independent Assessment (DM)
 Mr. Fred Kuhm



Human Capital (HC)
 Mr. Michael Chase



Financial & Business Operations (FB)
 Ms. Pamela Conklin



Aircraft Operations (AO)
 CAPT Drew Swenson



Contracts (AQ)
 Mr. Timothy Callahan



Engineering & Analysis (EA)
 Acting
 Mr. John Cuddy



Quality (Q)
 Mr. Michael Shields



Portfolio Management & Integration (PI)
 Mr. Joseph Sweeney



Information Technology (IT)
 Mr. Jacob Haynes

Operational



International Directorate
 RDML Robert Gilbeau



Operations Directorate (DCMAO)
 Ms. Marie Greening



Special Programs Directorate
 Mr. James Norris

Tactical



Western Region
 Mr. Mike Lowry



Central Region
 COL John Ellis



Eastern Region
 CAPT Sidney Kim

Portfolio Management & Integration Directorate (PM&I)
Executive Director (SES)
Deputy Exec Director (SES)



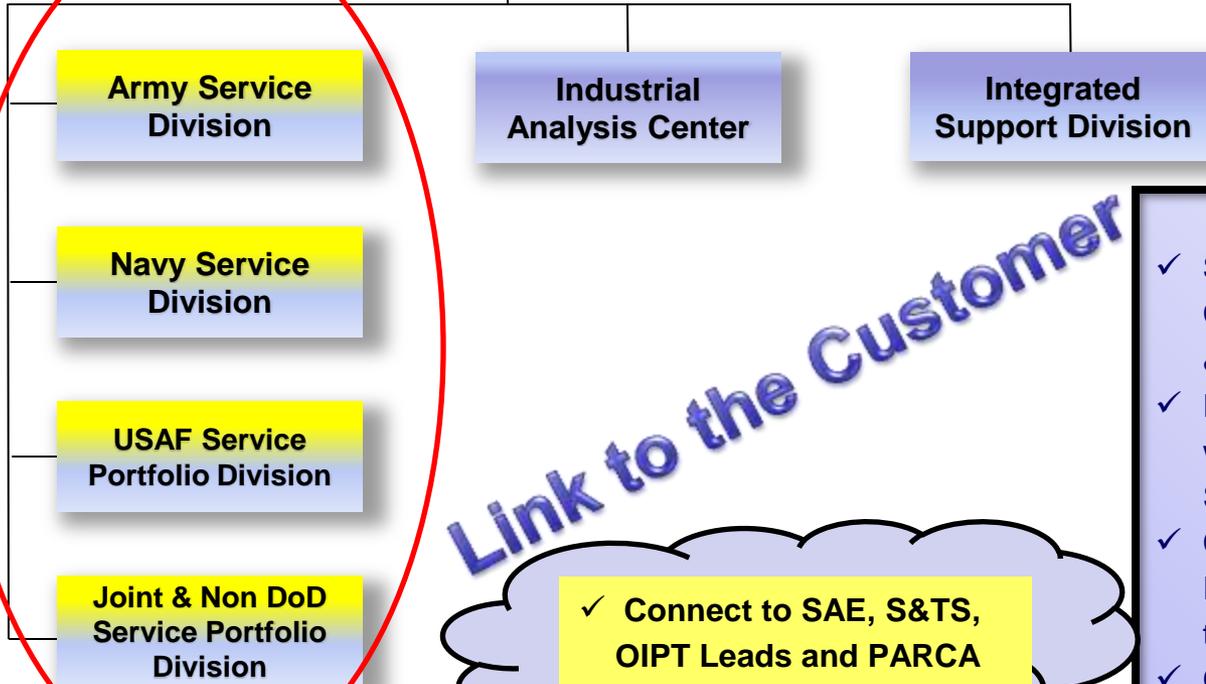
- Service Portfolio Divisions**
- ✓ Services' Primary DCMA POC to Communicate Requirements, Priorities & Concerns
 - ✓ Focuses on Strategic Engagements with OSD, SAEs, PEOs and Senior Sustainment Customers
 - ✓ Communicates Customer Requirements, Priorities & Concerns throughout the DCMA Enterprise
 - ✓ Customer Liaison Representatives Embedded

- Industrial Analysis Center**
- ✓ Executes DCMA's Lead Agent responsibility for the Defense Industrial Base (DIB) Sector within the Defense Critical Infrastructure Program (DCIP)
 - ✓ Industrial Capability Assessments Support MS B/C and FRP Decisions
 - ✓ Provide mission critical information and analyses on essential and unique industrial capabilities

- Integrated Support Division**
- ✓ Provides New Strategic Analytical Capability and Insight
 - ✓ Develop and Integrate Corporate and Company Performance Profiles for Analysis and Enterprise Use
 - ✓ Develops, Maintains and Promulgates PM&I Policy, Training and Tools
 - ✓ Manages External and Internal Customer Satisfaction Processes
 - ✓ Manages Non-Core Mission and New Customer Workload Acceptance Process



Portfolio Management & Integration Executive Directorate (PI)
 Executive Director
 Deputy Exec Director



Link to the Customer

✓ Connect to SAE, S&TS, OIPT Leads and PARCA

- Service Portfolio Divisions**
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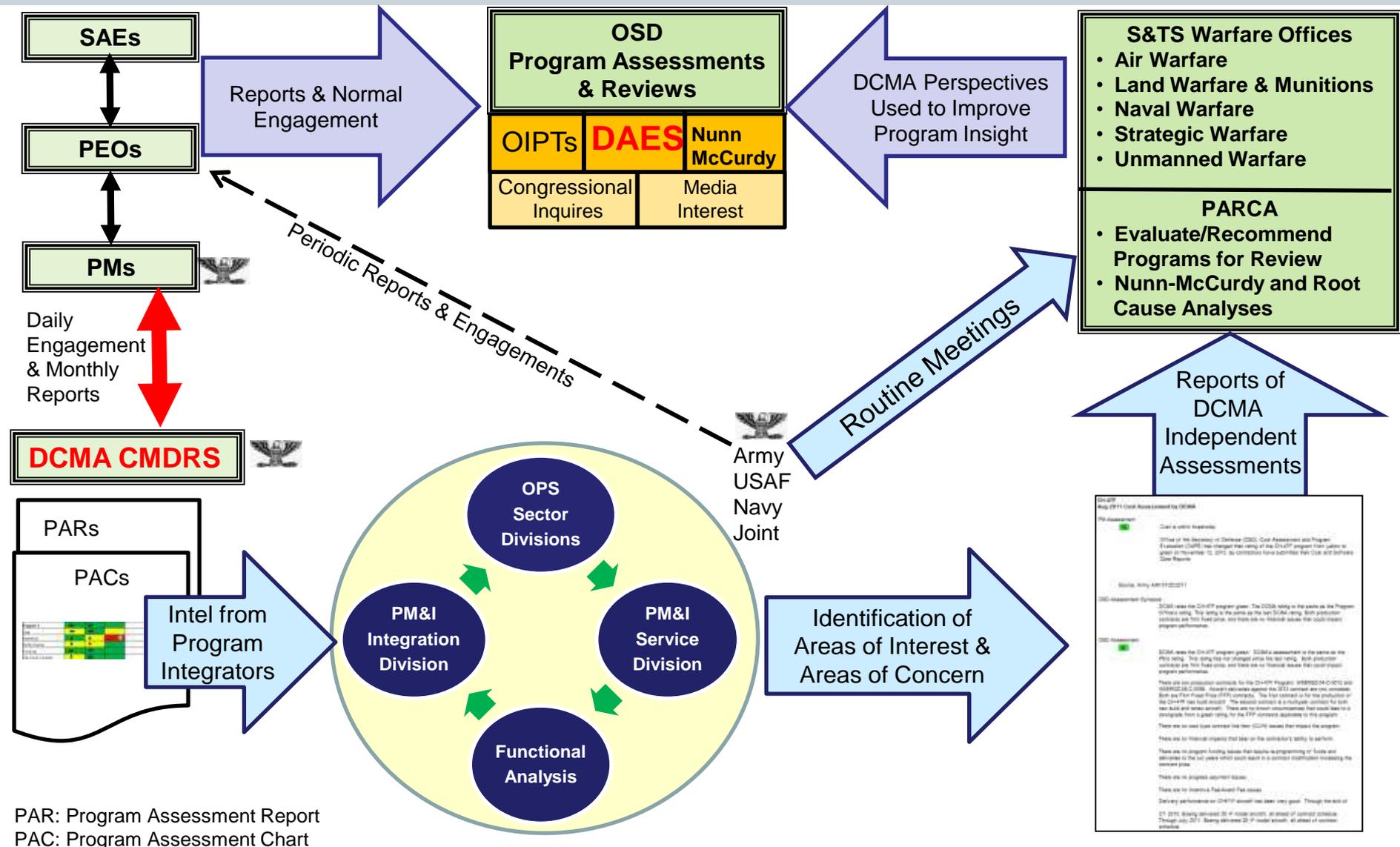
- Defense Acquisition Executive Summary (DAES) review
 - OSD mechanism for tracking Major Defense Acquisition Programs (MDAP)
- Ten assessment indicators:
 - **Cost**, schedule, performance, funding, test, logistics, management, contracts, interoperability, production
- Program Manager provides a DAES report to the OUSD (AT&L) each calendar quarter
- OSD Staff elements review program performance and issue assessments in Defense Acquisition Management Information Retrieval (DAMIR) system
- Overarching Integrated Product Team (OIPT) leaders and Performance Assessment and Root Cause Analyses (PARCA):
 - Evaluate OSD staff assessments and recommend programs for review at the monthly DAES meetings
- OUSD(AT&L) Hosts Monthly DAES Meetings

Restructured
Process in
2010

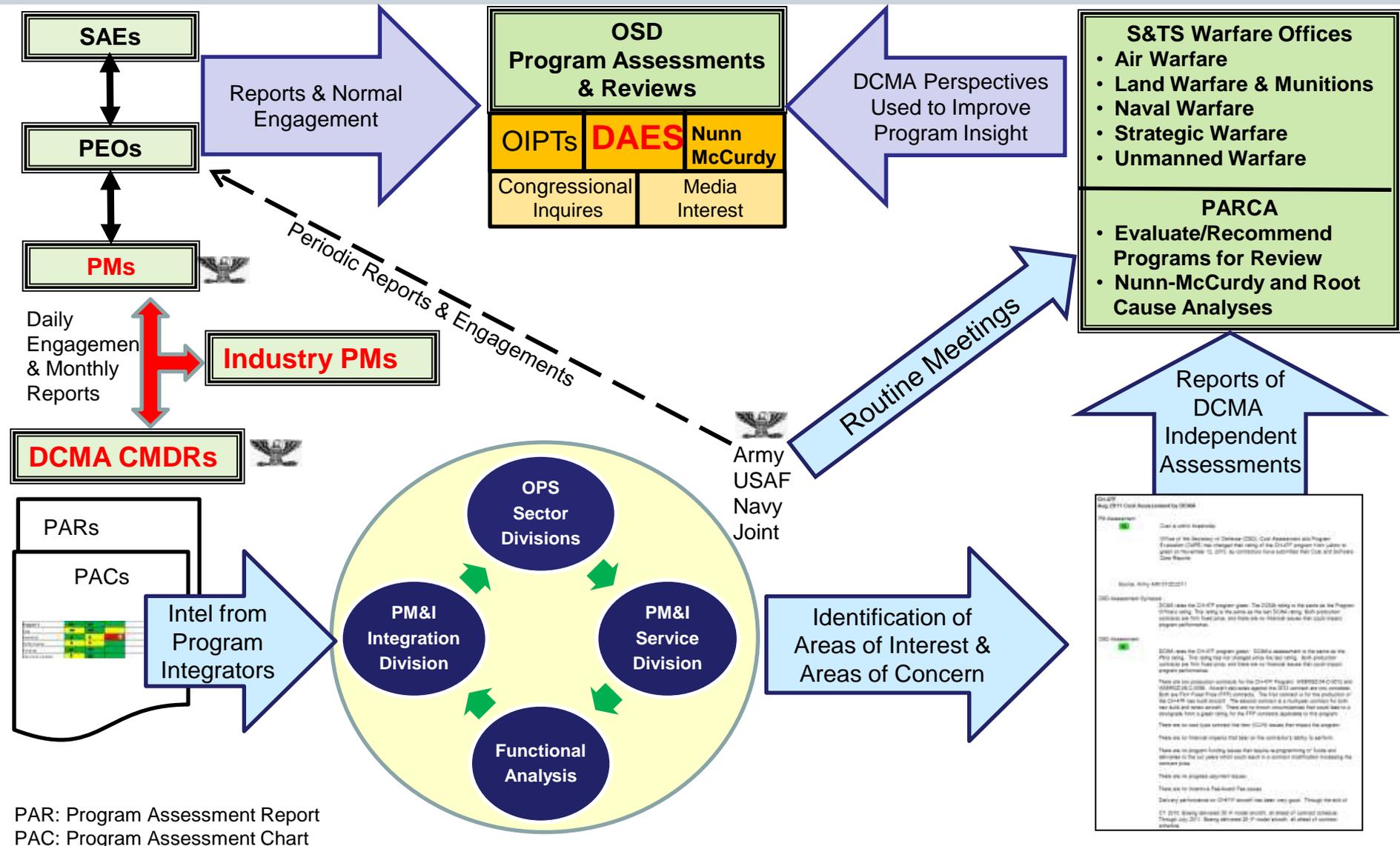
DCMA
Assesses
Cost
Indicator



DAMIR



PAR: Program Assessment Report
 PAC: Program Assessment Chart

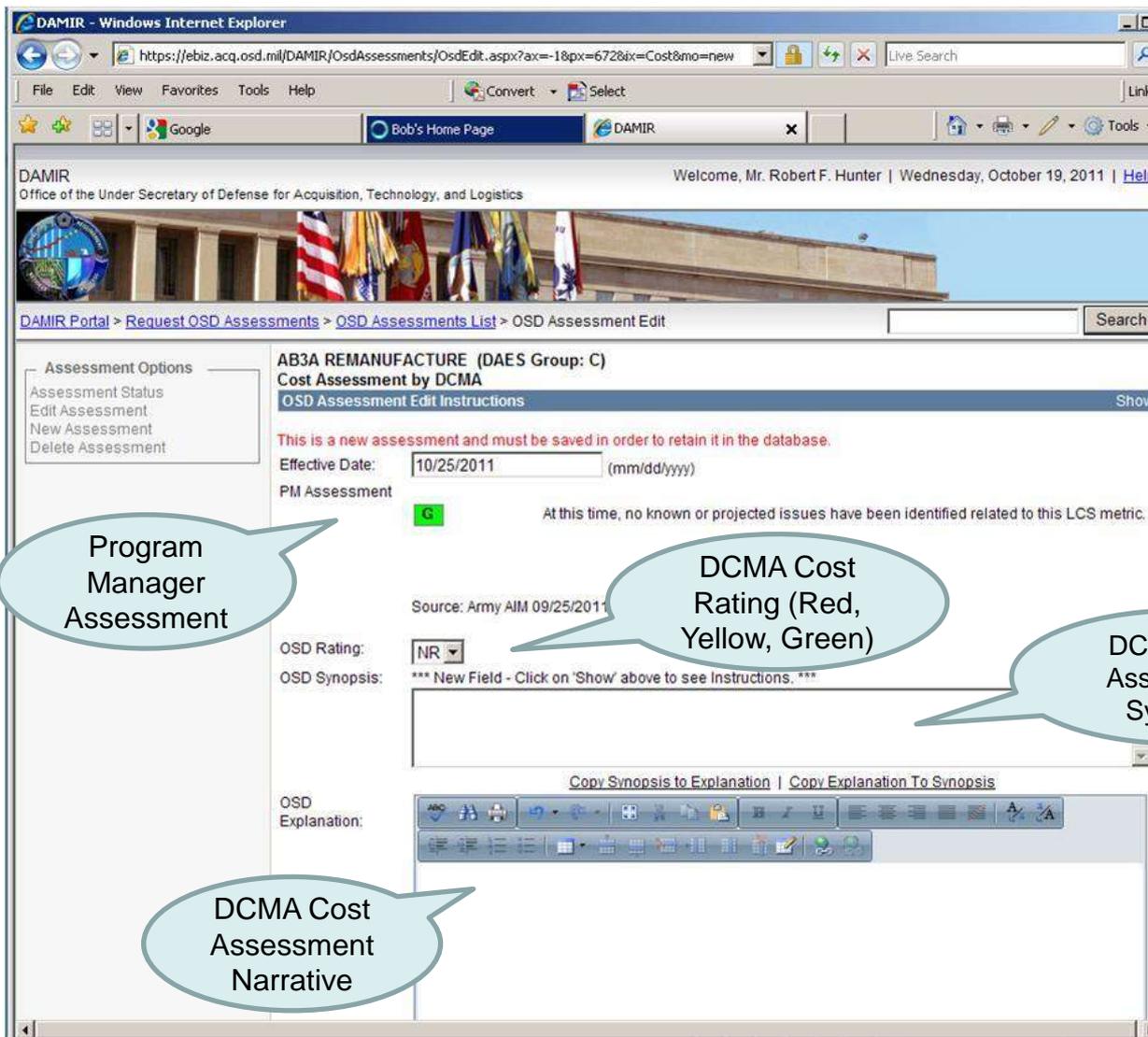


PAR: Program Assessment Report
 PAC: Program Assessment Chart

DCMA Representation at Defense Acquisition Executive Summary (DAES) Meetings

- **Cost Assessment Submissions to OSD for DAES**
- **Product of Program Support Teams**
- **Assessment – Red, Yellow, Green, supported by:**
 - **EAC Analysis**
 - **Analysis of Contract Cost Drivers**
 - **Cumulative Cost Variance**
 - **Cost Performance**
 - **Schedule Performance**
 - **Baseline Execution Index**
 - **Major Program Milestones**
 - **EVM System Status (reviews, CARs, DRs, CAPs, etc.)**
 - **Other Business System Deficiencies**





The screenshot shows the DAMIR web application interface. The browser window title is "DAMIR - Windows Internet Explorer". The address bar shows the URL: <https://ebiz.acq.osd.mil/DAMIR/OsdAssessments/OsdEdit.aspx?ax=-1&px=672&ix=Cost&mo=new>. The page header includes "DAMIR" and "Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics". A navigation breadcrumb shows "DAMIR Portal > Request OSD Assessments > OSD Assessments List > OSD Assessment Edit".

On the left, there is a sidebar with "Assessment Options" including "Assessment Status", "Edit Assessment", "New Assessment", and "Delete Assessment".

The main content area displays the assessment details for "AB3A REMANUFACTURE (DAES Group: C) Cost Assessment by DCMA". A red warning message states: "This is a new assessment and must be saved in order to retain it in the database." The "Effective Date" is set to "10/25/2011". The "PM Assessment" is "G", with a note: "At this time, no known or projected issues have been identified related to this LCS metric." The "Source" is "Army AIM 09/25/2011".

The "OSD Rating" is set to "NR". The "OSD Synopsis" field contains the text: "*** New Field - Click on 'Show' above to see Instructions. ***". Below this is a text area for the "OSD Explanation".

Callouts point to specific features: "Program Manager Assessment" points to the sidebar; "DCMA Cost Rating (Red, Yellow, Green)" points to the "OSD Rating" dropdown; "DCMA Cost Assessment Synopsis" points to the "OSD Synopsis" field; and "DCMA Cost Assessment Narrative" points to the "OSD Explanation" text area.

Cost

R	ARA/AM	Cost is red due to program cost growth
G	CAPE/CA	CAPE rates Program X as Green
R	DCMA	<ul style="list-style-type: none"> • XXXXX • XXXXX • XXXXX • XXXXXXX

Performance

G	Joint Staff – J8	No issues with KPP
N R	OT&E/NCSM DS	Not evaluated yet
G	SE	
	SIO	No assessment provided

Funding

R	USD (C)	Funding issues
Y	ARA/RA	Considering alternatives

Test

Y	DT&E	Sufficient capability not demonstrated
Y	OT&E/NCSM DS	

Sustainment

G	L&MR	Concur with PM's rating
	P&R	No assessment provided

Management

R	SIO	No assessment provided
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Contracts

	DPAP	No assessment provided
	IC	No assessment provided

Production

Y	SE	Concur with PM...
	M&IPB	No assessment provided

FOR OFFICIAL USE ONLY
Source: DAMIR Jan 2012

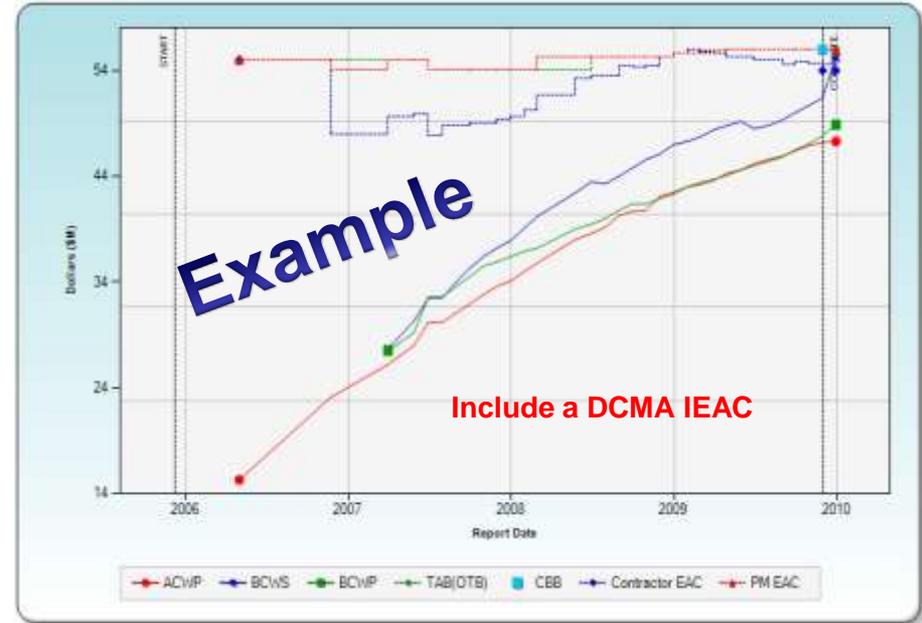
PROGRAM X (ACAT ID)

DEFENSE CONTRACT MANAGEMENT AGENCY

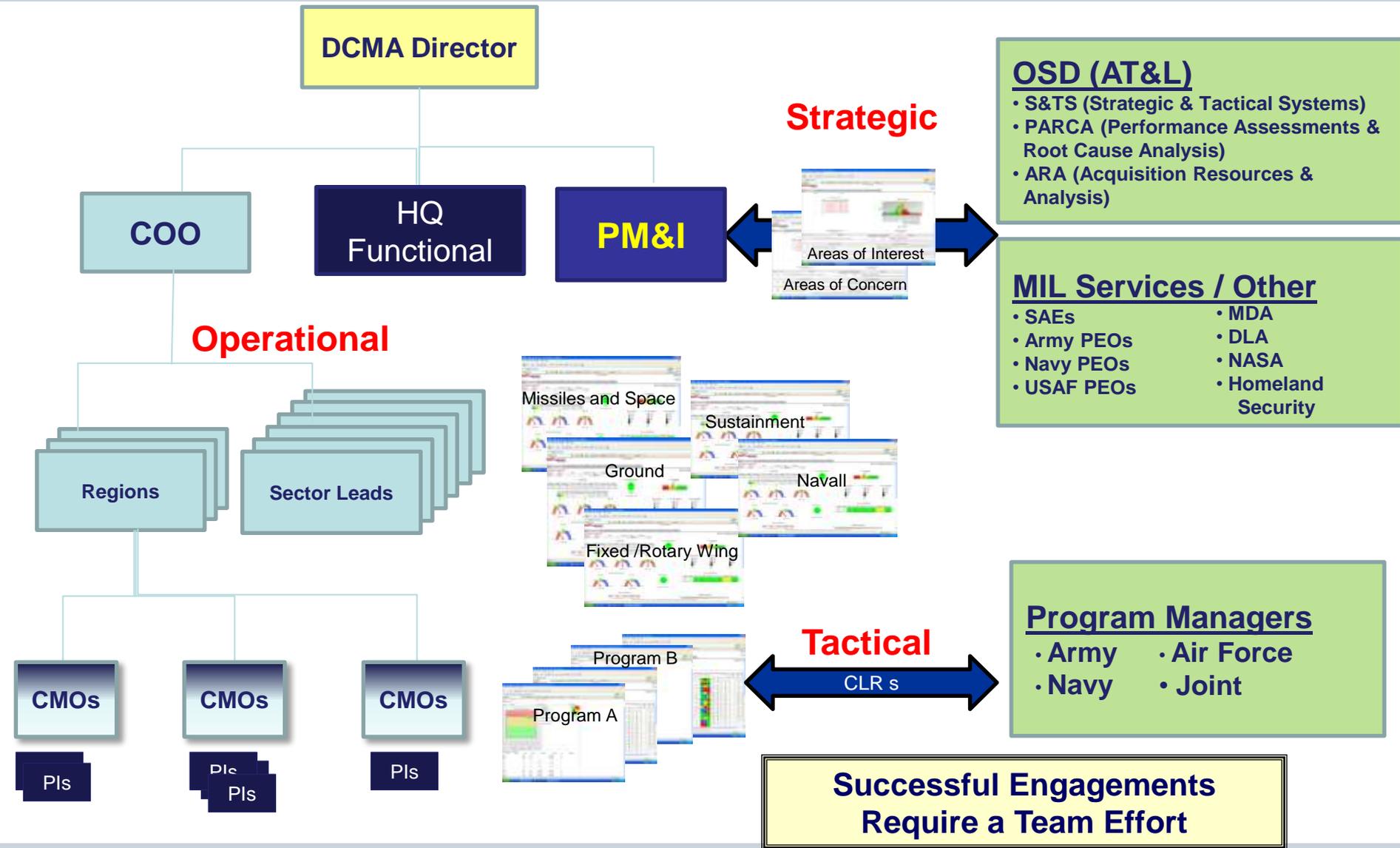
R	ARA/AM	Cost rated red due to program cost growth.
G	CAPE/CA	CAPE rates Program X as Green Advisory.
R	DCMA	<ul style="list-style-type: none"> • Rated red due to cost overrun from late delivery. • Cost performance increasingly unfavorable driven by schedule delays. • EVM System Disapproved. CAP not approved. 5% withhold applied. • Updated CAP submitted incorporating DCMA and DCAA findings. Meeting next week to discuss disposition of updated CAP.

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Source: DAMIR Jan 2012



- Current contract execution status (e.g., type of contract, percent complete, etc.)
- Explanation of the EVM data, e.g., why is it trending like it is, what WBS elements are of concern
- Explanation for any significant delta between DCMA IEAC, PM EAC, and Contractor EAC
- Status of recent or planned Integrated Baseline Reviews (IBRs)
- **Any known deficiencies in the contractor's EVM systems**



- DCMA EVMS surveillance and compliance mission is an execution mission best accomplished at the Tactical level of Agency
- Integration of surveillance and compliance under COO:
 - ✓ Ensures outputs of assessments result in a single Agency position wrt status of a contractor's EVM System
 - ✓ Improves our ability to engage consistently w Industry and our Acquisition Enterprise customers to deliver a coherent and singular message.

- **Chief Operations Officer**

- Oversight of EVM Policy Execution
- Integrate EVMS Compliance Review/Activities

- **Earned Value Management Operations Division**

- Execution of Validation Reviews and Surveillance
- Oversee the execution of EVMS Surveillance implementation
- Conduct Ad-Hoc audits and investigations
- Analyze EVM Supplier Outputs to verify EVMS integrity
- Coordinate with Earned Value Management HQ Division .
- Exercise Executive Agent Role for System Approval / Disapproval
- Implement new DFARS Business Systems Rules Consistently
 - e.g., Enterprise CAR (Corrective Action Request) System

“...the integration of compliance and surveillance improves our ability to engage with industry and our customers to deliver a coherent and singular message.”

Mr. Charlie Williams, Director -DCMA

- **Contractors** are expected to assume the responsibility for their own behavior; for the consistent application of the EVMS and its currency and relevance.

- The **Contract Administration Office (CAO)** is the cognizant office responsible for ensuring that the functions described in DFARS 242.302 are completed by the contractor in accordance with the terms and conditions of the contract

- **PEO/PMO** is responsible to ensure that the desired results are Produced in a timely, cost effective manner
 - Manage cost, schedule, and performance within constraints
 - Initiate effective cost, schedule, and performance tradeoffs
 - Continually evaluate progress and predict and mitigate risks

- The **Defense Contract Management Agency (DCMA)** advocates the Department's implementation of EVM by executing the role and responsibilities as defined by DFARS 242.302 (S-71)

“DCMA has responsibility for reviewing earned value management system (EVMS) plans and for verifying initial and continuing contractor compliance with DoD EVMS criteria. The contracting officer shall not retain this function.”

(except for those DoD Components that are also a part of the Intelligence Community and are excluded from delegating the EVMS authorities to DCMA).



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 (Research, Development and Acquisition)
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DEFENSE CONTRACT MANAGEMENT AGENCY
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DEC 16 11

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Shipbuilding Earned Value Management Amplifying Guidance

Recent EVM system reviews have highlighted differing interpretations and application of the ANSI-748 guidelines between the Defense Contract Management Agency (DCMA) and the NAVSEA Supervisor of Shipbuilding, Conversion, and Repair (SUPSHIP). Differing interpretations can cause confusion for contractors and lead to inefficiencies. The DON affirms that the Earned Value Management (EVM) guidelines apply to shipbuilding programs, but the application of these guidelines is different than most other industries and requires, therefore, amplifying guidance regarding application. This memorandum provides amplifying guidance to ANSI-748 guidelines in a manner acceptable to both DCMA and the DON.

DCMA acts on behalf of the Department of Defense to validate contractor EVM system compliance requirements in accordance with the Guidelines required by the ANSI-748 standard. Within the Department of the Navy (DON), the DASN (Management and Budget) Center for Earned Value Management (CEVM) drafts EVM policy and provides EVM oversight and independent analysis; NAVSEA 05C sets EVM processes for their Command; and SUPSHIP conducts surveillance and monitors shipbuilders' EVM systems to ensure they remain compliant with ANSI-748.

A team of EVM experts from DCMA, NAVSEA 05C, and the CEVM have met and coordinated language with shipbuilding stakeholders and leadership to establish a common methodology to assess compliance in five EVM guidelines that have been most susceptible to differing interpretations:

- Guideline 1 – Define Work Breakdown Structure
- Guideline 6 – Scheduling of Work
- Guideline 10 – Identify Discrete Work Packages
- Guideline 11 – Sum of Work Package Budgets Equal Control Account Budgets
- Guideline 21 – Material Cost Performance

SUBJECT: Shipbuilding Earned Value Management Amplifying Guidance

The DON expects all new shipbuilding contracts will require MIL STD-881C compliance through level 3 (ESWBS 100 level). In accordance with MIL STD-881C, Appendix E, shipbuilders will report EVM performance as stated in the appendix, but may plan and execute the work under a separate WBS. This approach allows contractors the freedom to plan according to the way ships are built, but also meet DON needs for a common reporting framework to improve cost estimates of future ships. Also, in accordance with current policy, the Integrated Master Schedule requires a field that maps each activity to its associated WBS. All shipbuilding EVM contract deliverables will be submitted to the DOD EVM Central Repository.

For contracts in execution, specifically, DDG 51 (through Hull 112), LPD-17 (through Hull 25), T-AKE, DDG-1000, LHA-6/7 and Virginia Class Submarines (through Hull 783) MIL STD-881C will not be retroactively applied. The DON has determined it would be cost prohibitive because the contract is either substantially complete or the last ships of the class are on contract. For similar reasons, Virginia Class Submarines Block III and LPD-17 (Hulls 26 and 27) have waivers in place and MIL STD-881 will not apply.

This memorandum documents the agreement between DCMA and the DON on these areas. Attachment (1), "Defense Contract Management Agency and Department of the Navy EVM Guideline Interpretation Agreement for Shipbuilding Programs", defines the basis for evaluating these five areas and will be used for assessing ANSI-748 compliance at shipyards. The expectations in this agreement will be used by both the DON and DCMA to assess contractor compliance to the EVM guidelines in the ANSI-748 standard.


 Sean J. Stackley
 Assistant Secretary of the Navy
 Research, Development, and Acquisition


 Charlie E. Williams Jr.
 Director
 Defense Contract Management Agency

Attachments:
 As stated



DCMA

Contractor Business System Rule Implementation

➤ **FY 2011 NDAA, Section 893 states:**

Secretary of Defense shall develop and initiate a program for the improvement of contractor business systems to ensure that such systems provide timely, reliable information for the management of DOD programs by the contractor and by the Government

➤ **DPAP Action:**

DPAP Lead
(not DCMA)

- **DFARS Case 2009-D038, Business Systems – Definition and Administration**
 - Collection of Policy and Clauses referred to as Business Systems Rule (BSR)
 - Several iterations through 3 public comment periods

➤ **Interim Rule Dated May 18, 2011 - effective upon issuance -----
-- we are into process NOW. Don't expect major changes.**

➤ **Contractor Business Systems Clause, 252.242-7005, will be included in the contract when:**

A light blue speech bubble with a tail pointing towards the main text. It contains the text "Must be on Contract" in a black, sans-serif font.

Must be
on
Contract

- ✓ **Contract is subject to the Cost Accounting Standards (48 C.F.R. 9903.201-1), and**
- ✓ **Solicitation/Contract includes any one of the following business system specific clauses:**

- **252.215-7002 Cost Estimating System Requirements**
- **252.234-7002 Earned Value Management System**
- **252.242-7004 Material Management and Accounting System**
- **252.242-7006 Accounting System Administration**
- **252.244-7001 Contractor Purchasing System Administration**
- **252.245-7003 Contractor Property Management System Administration**

(. . . in a Nutshell)

The cognizant Contracting Officer (CO) in consultation with DCAA and/or Functional Specialists *shall*

- ✓ Determine the acceptability of the contractor's business systems
- ✓ **Approve** or **disapprove** the systems
- ✓ Pursue correction of significant deficiencies
- ✓ **Withhold payments** in accordance with the requirements of 252.242-7005, Contractor Business Systems, until significant deficiencies are corrected

How will DCMA implement for delegated contracts? 

➤ **FY 2011 NDAA, Section 893 states:**

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➤ **DPAP Action:**

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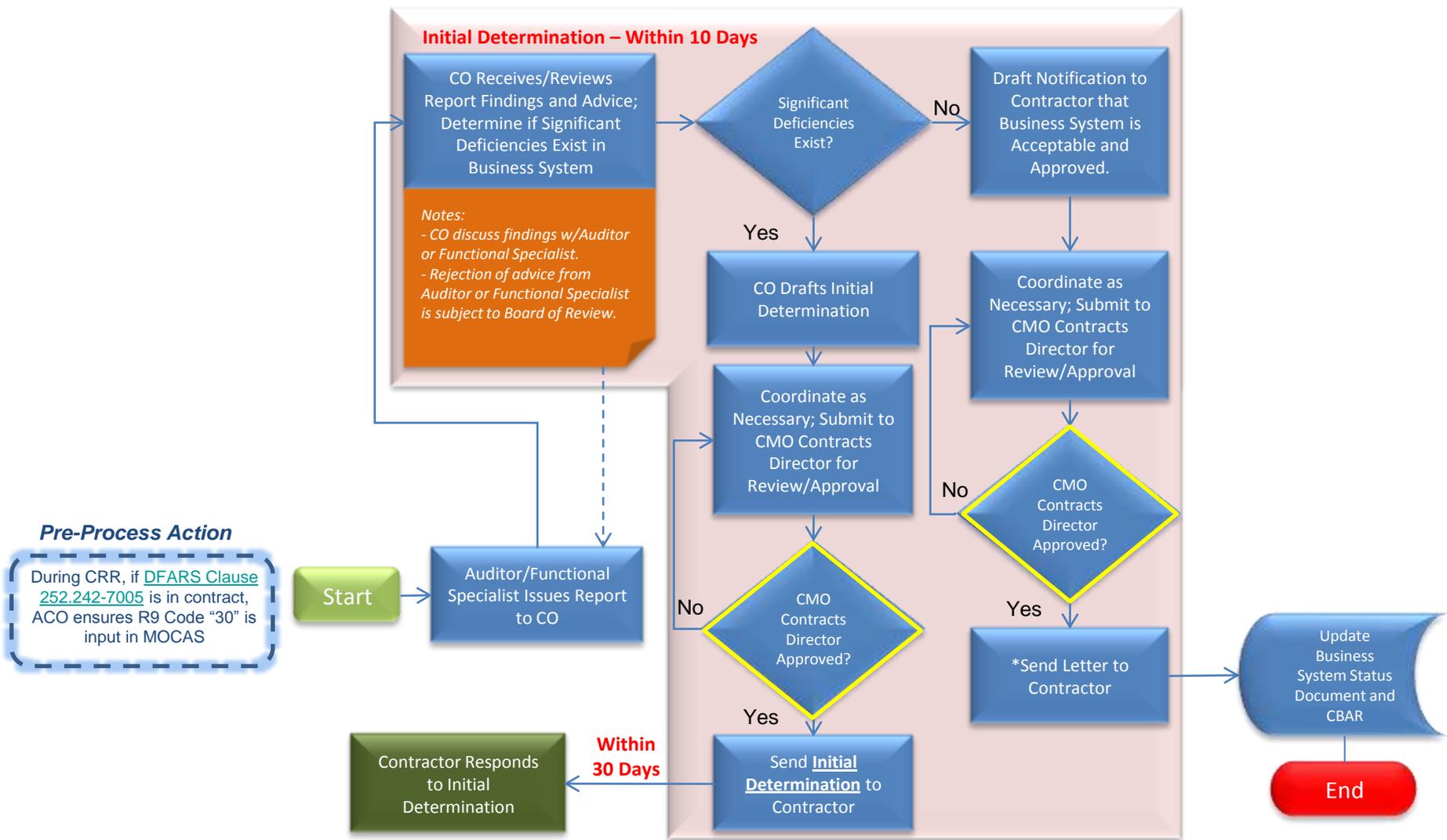
➤ **Interim Rule Dated May 18, 2011 - effective upon issuance**

4 Phases of Implementation

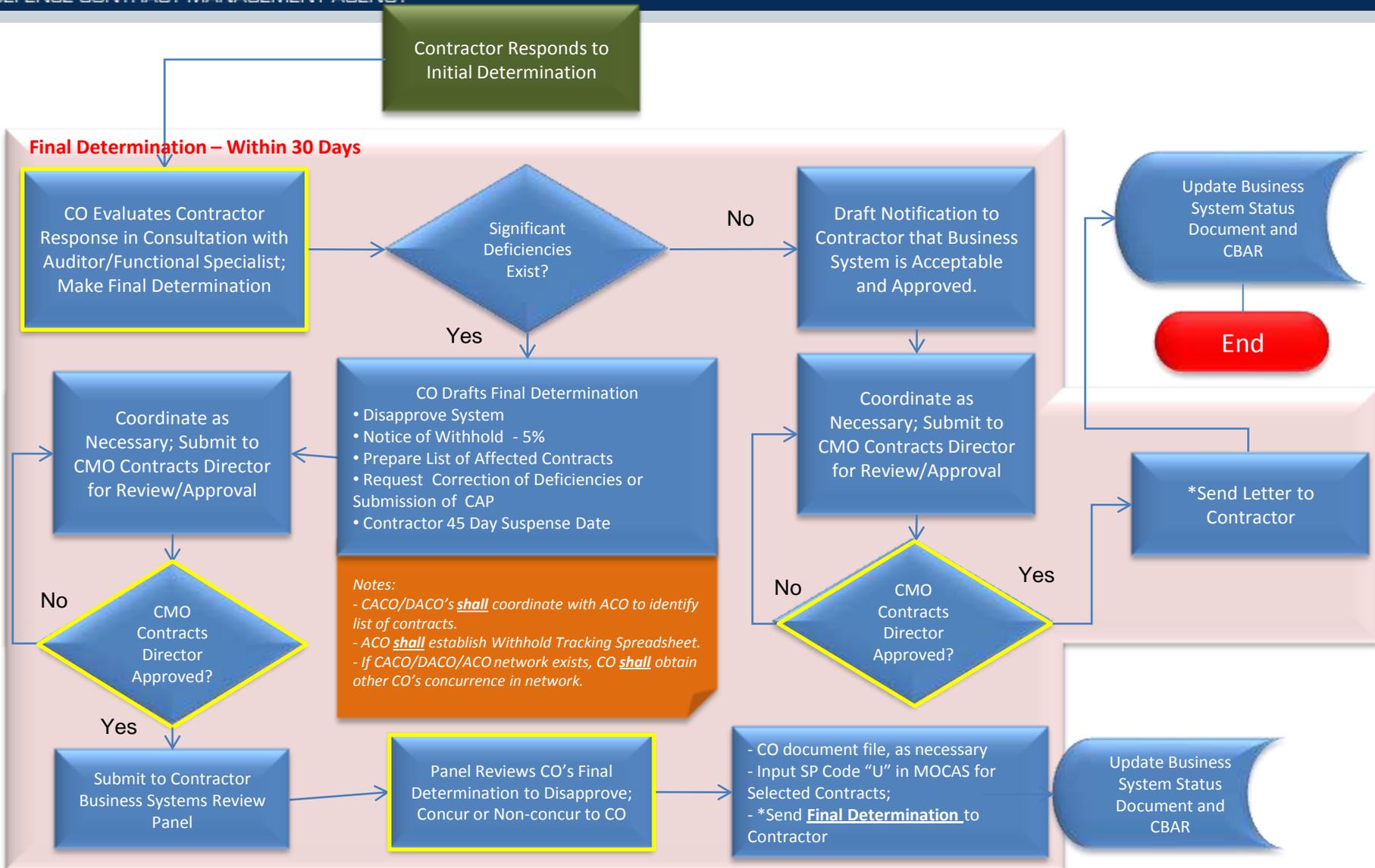
- **Pre-Process and Initial Determination**
- **Final Determination**
- **Corrective Action Plan (CAP) and Payment Withhold Administration**
- **Significant Deficiencies Corrected**

Pre-Process is Critical

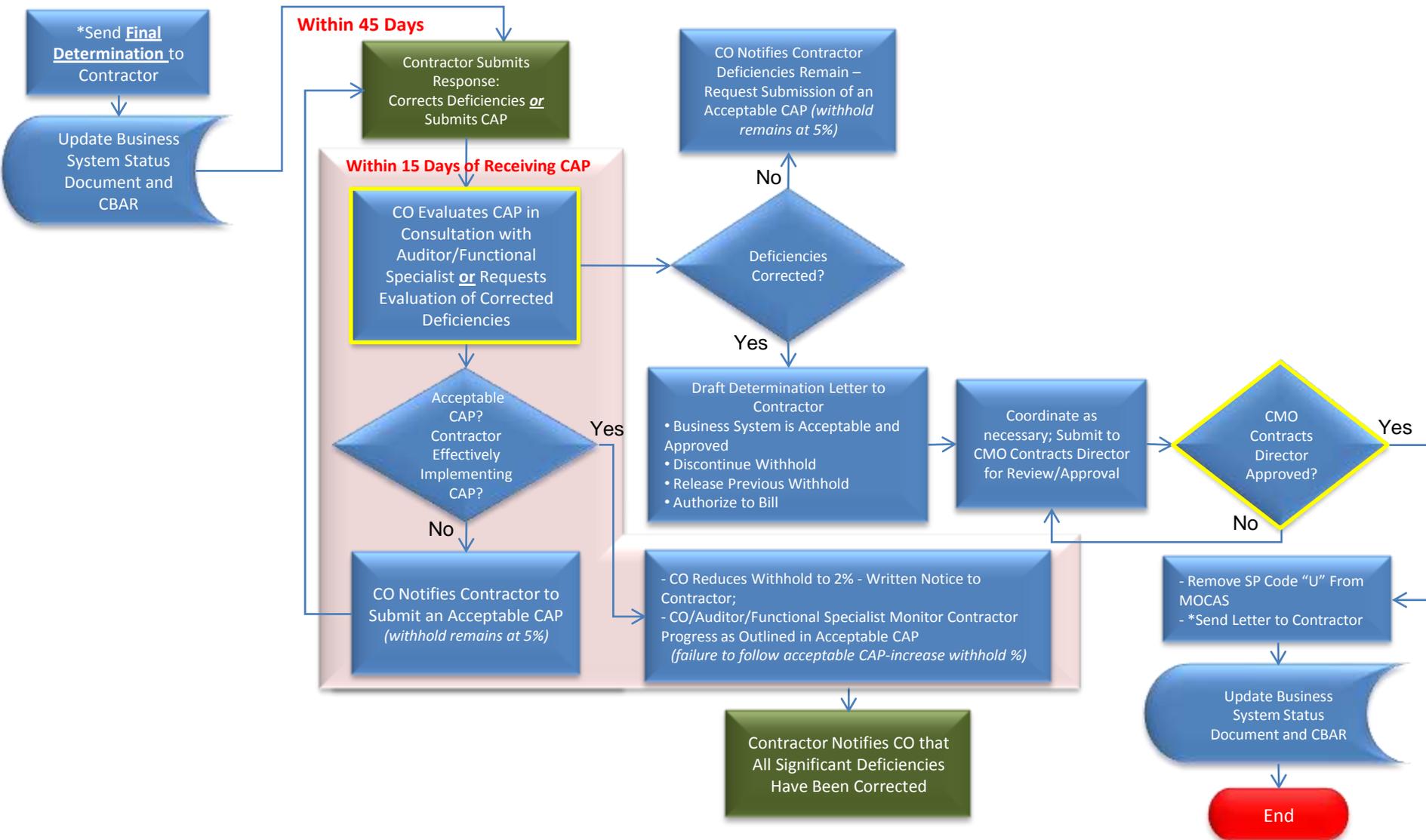
- End game is an Approved System we can ALL rely on to manage programs
- Focus should be on the activities before we press  Start
- On going dialogue prior is critical...
 - NO SURPRISES
 - Your surveillance
 - Our Surveillance
 - From CMO to Hubs to COO EV Division to Agency levels



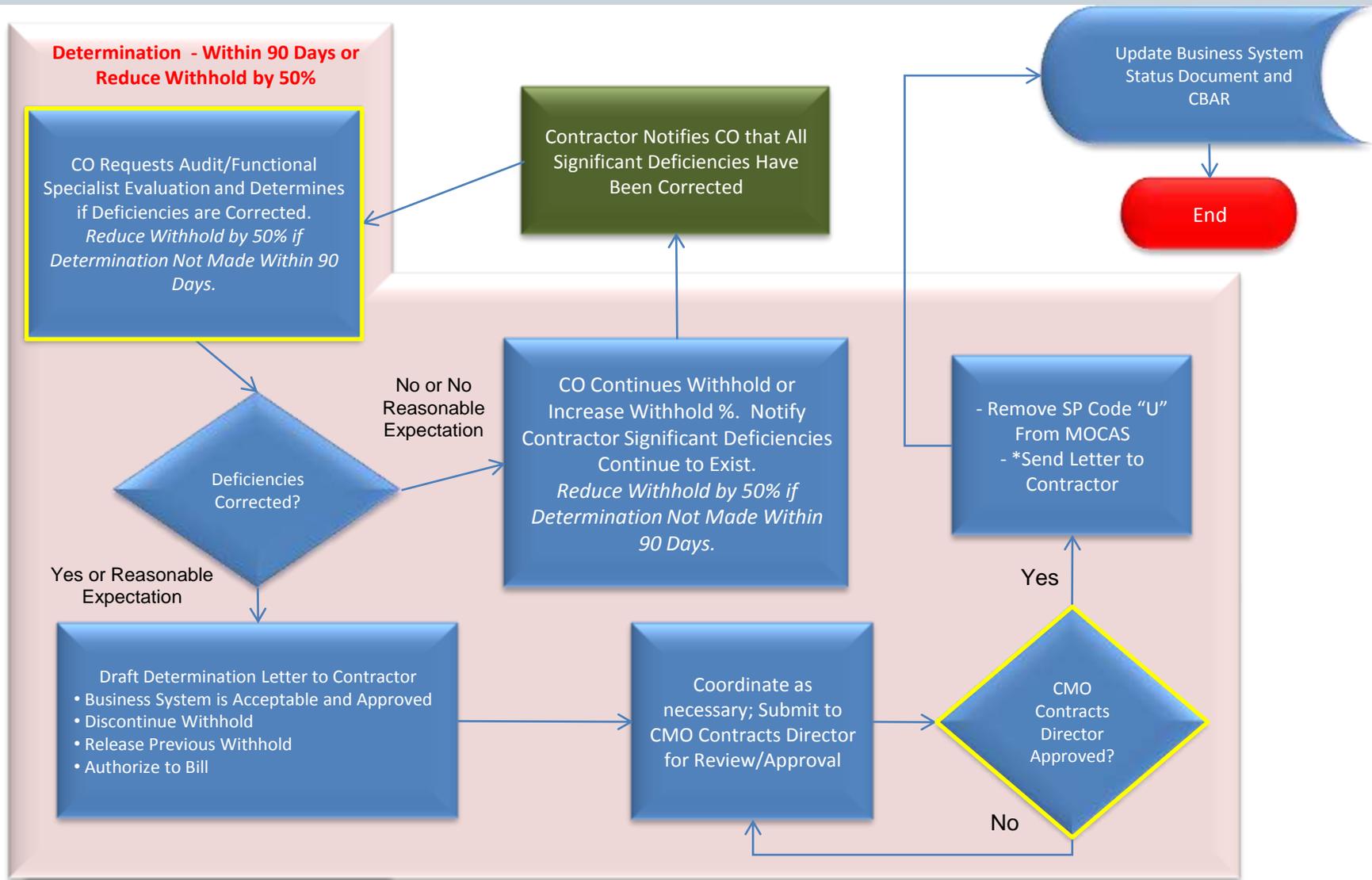
- **Contractor Business Systems Review Panel**
 - Prior to Final Determination sent to Contractor
 - At Agency HQ Level (led by Contracts Policy Director)
 - Participants include: GC, EVMS SME (Policy & OPS), and DCAA (if applicable)
 - Contractor response is part of file
- **Lessons Learned collected and shared**



- **DCMA's Job is to make sure Contractor understands Deficiency**
- **Contractors' job is to perform RCA and produce an acceptable CAP**
 - **No reason to wait**
 - **CAPs can be submitted as early as Initial Determination**
 - **Reduces withhold from 5% to 2%**



- **DCMA goal is to come in as quickly as possible**
- **Do NOT ask DCMA to come in until you are READY**
 - **Withhold will go back to 5%**
- **Again, we all want the same thing:**
 - **an Approved System we can ALL rely on to manage programs**



We are all here for the same reason...

