



# Program Management Systems Committee (PMSC)

Contract / Subcontract Issues Working Group

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# Contracts Team Members

Nick Pisano (Lead) – Safran North America

Jeff Poulson – Raytheon

Pam Anke – Boeing

TBD – DCMA EV Center

TBD – DCMA Contracts

TBD – OSD/PARCA

Barb Kjorstad – ATK

Gil Kjorstad – ATK

Mike Nosbisch – PT&C

David Ricci – NGC

Kathryn Flannigan – General Dynamics

Steve Chouinard – Pratt & Whitney

# Summary Assessment

- Contract vs. EVM system order of precedence
- Undefined Contractual Actions (UCAs) / Unpriced Change Orders (UCOs)
- Treatment of existing CARs when Business Systems DFARS is implemented.

# Order of Precedence

## Issue

- In addition to including FAR or DFARS EVMS clauses on contracts, contracting officers frequently include other provisions that often require suppliers to modify or depart from their standard, validated EVM Systems to manage their contracts and meet the requirements of their contracts. These provisions may be found in sections of the contract that take precedence over Section I, where the EVMS clauses are contained, e.g.,
  - Section H – Special Provisions
  - Section C – Statement of Work requirements
- Previously DCMA's stated policy is to issue Corrective Action Request (s) against the contractor for not following contract direction.

## Team Position

- Contractors are obligated to follow the contracts.
- In the spirit of cooperation the Contractor and the cognizant CMO should notify the PCO of any conflicting requirements.
- The DCMA, CMO and the PCO should reach a solution with the government PM which precludes noncompliance with either the ANSI or the contractor's validated EVMS.
- Previous DCMA Director concurred and verbally instructed the EVM Center to use 1716 process rather than issuing CARs to suppliers for findings of non-compliance arising from contractual provisions.

## Recommended Action

- Recommend raising this issue to PARCA at the next meeting recommending that a policy memo be issued to enforce the law, reminding PCOs that they cannot deviate from the standard clause. Will volunteer to draft the letter.

# Undefinitized Contractual Actions (UCA's) & Unpriced Change Orders (UCOs)

## Issue

- Undefinitized Contractual Actions (UCA's) and Unpriced Change Orders (UCO's) have been creating unnecessary program administrative cost and/or preventing the initiation of contractual effort.
  - The negotiation process is too lengthy causing PMB instability due to the incremental work release and associated replanning and budgeting effort.

## Team Position

- Team to review the scope of the problem and report back by next PMSC meeting.

# Treatment of existing CARs when Business Systems DFARS is implemented

## Issue

- Currently there are hundreds of open CARs within the DCMA system.
- How is DCMA and DCAA going to treat the existing CARs which were written prior to Business Systems DFARS clause enactment?

## Team Position

- Address the issue at the next DCMA Collaboration meeting with the recommendation that companies be given an opportunity to address existing Level 3 CARs that have been corrected prior to any withhold action.
- Recommend it made a scenario in the DCMA implementing guidance.